

OPEC, Russia and the New World Order Emerging

By F. William ENGDAHL

By the day it's becoming clearer that what I have recently been saying in my writings is coming to be. The OPEC oil-producing states of the Middle East, including Iran, through the skillful mediation of Russia, are carefully laying the foundations for a truly new world order. The first step in testing this will be if they collectively succeed in eliminating the threat to Syria of the Islamic State, and prepare the basis for serious, non-manipulated elections there.

For much of my adult life I have been fascinated by the enormous energy inside our Earth and how in fact the Earth moves as almost a living organism. Most fascinating I find is tectonic motion and their connection to earthquakes and volcanoes. Not the human destruction they sometimes cause but the sheer energy. Tectonic motion involves the huge plates that our Earth is divided into which are in constant micro-motion. At critical junctures which Earth science or geophysics has yet to be able to predict far ahead, the motion of those tectonic plates cause earthquakes and determine where earthquakes will occur.

In the political, more accurately geo-political sphere, we are now witnessing huge tectonic motion, and destructive it is not. It involves a new attractive force drawing the Middle East OPEC countries, including Saudi Arabia and Iran and other Arab OPEC countries, into what will soon **become obvious as a strategic partnership with the Russian Federation.** It transcends the huge religious divides today between Sunni Wahhabism, Sufi, Shi'ism, Orthodox Christianity.

That tectonic motion will soon cause a political earthquake that well might save the planet from extinction by the endless wars the Pentagon and their string pullers on Wall Street and the military industrial complex and the loveless oligarchs who own them seem to have as their only strategy today.

Russia in OPEC?

In an interview with the London Financial Times, Russia's most important oilman, Igor Sechin, CEO of the state-owned Rosneft, confirmed rumors that Saudi Arabia's monarchy is seeking a formal market-share agreement with Russia, even going so far as offering Russia membership in OPEC, to stabilize world oil markets. In the interview, Sechin, considered one of President Vladimir Putin's closest allies, confirmed the Saudi offer. The Financial Times (FT) is an influential media owned until this past July by the Pearson Group an asset tied to the Rothschild family who historically also dominate Royal Dutch Shell.

The London paper chose to emphasize Sechin's rejection of the Saudi offer. However, most instructive is to read between the lines of what he said. He told a Singapore commodities conference organized by the FT, "It needs to be recognised that Opec's 'golden age' in the oil market has been lost. They fail to observe their own quotas [for Opec oil output]. If quotas had been observed, global oil markets would have been rebalanced by now."

Sechin well knows the background to the Saudi oil price war and the fact it was triggered by a meeting between US State Department's John Kerry and the late Saudi King Abdullah in the desert Kingdom in September 2014, where Kerry reportedly urged the Saudis to crash oil prices. For Kerry the aim was to put unbearable pressure on Russia, then hit by US and EU financial sanctions. For the Saudis, it was a golden opportunity to eliminate the biggest disturbing factor in the OPEC domination of world oil markets—the booming production of US unconventional shale oil that had made the USA the world's largest oil producer in 2014.

Ironically, as Sechin told the FT, the US-Saudi deal and the US financial sanctions have backfired on the US strategists. The Russian ruble lost more than 50% of its dollar value by January 2015. Oil prices similarly fell from \$103 a barrel in September 2014 to less than \$50 today. But Russian oil production costs are calculated in rubles, not dollars. **So, as Sechin states, the dollar cost of Rosneft oil production has dropped dramatically today from \$5 a barrel before the sanctions to only \$3 a barrel, a level similar to that of Arab OPEC producers like Saudi Arabia.** Rosneft is not hurting despite sanctions. **USA shale oil by contrast is unconventional and vastly more costly. Industry estimates depending on the shale field and the company, put costs of shale in a range of \$60-80 a barrel just to break even.** The current ongoing shakeout in the US shale industry and prospects of rising US interest rates dictate the demise of shale oil from the US for years if not decades to come as Wall Street lenders and shale company junk bond investors suffer huge losses.

Unknotting the 'not' knot

I would like to indulge in a brief exercise in imagining what some form of close coordination between Russia and a Saudi-led OPEC grouping would look like. I call it “unknotting the ‘not’ knot,” the knot over control of world oil flows that has held the world in a hypnosis of wars and murder, hate for too long.

First the new grouping between Russia and the Mideast oil states would have to negotiate stable market relations between themselves and their prime markets such as China and the EU. Alexander Mercouris in a very insightful piece suggests that the Sechin statement to the FT can be seen as an opening Russian negotiating position with the Saudi OPEC offer.

At the Singapore commodities conference, Rosneft's Sechin indicated that China and Russia this year have agreed to a total of various oil deals amounting to some \$500 billion over the next 20 years or \$25 billion a year for Rosneft. Saudi Arabia was formerly China's largest oil source until Russia's Rosneft entered in a major way. That was a strategic decision for Russia as for China and not a mere market-driven one. Now, regardless what Sechin did or did not say to the FT, there is no good reason for Russia not to untie the knot of world oil to the Anglo-Americans and enter into serious negotiations with Saudi Arabia on strategic cooperation of some consequent form.

Quotas could be agreed so that Russia and Saudi Arabia and OPEC act much as the Anglo-American oil companies did in 1928 to end literal wars between the British Rothschild group behind Royal Dutch Shell and the Rockefeller Standard Oil com-

panies for world oil market control, wars that raged across the world from Mexico to Baku, from Kuwait to Texas.

The Anglo-American oil wars were ended in a meeting at the Achnacarry Scotland castle of Royal Dutch Shell's Sir Henry Deterding in 1927. The American and British oil companies formally agreed to a "ceasefire" which resulted in the creation of the enormously powerful **Anglo-American oil cartel, later dubbed the 'Seven Sisters.'** The peace agreement was formalized in 1927, at Achnacarry, the Scottish castle of Shell's Sir Henri Deterding. John Cadman, representing the British government's Anglo-Persian Oil Co. (British Petroleum), and Walter Teagle, president of Rockefeller's Standard Oil of New Jersey (Exxon), gathered under the cover of a grouse shoot to create the most powerful economic cartel in modern history. **The Seven Sisters were effectively joined at the hip, acting in the world as one at least until 1945.**

Their secret pact was formalized as the 'As Is' agreement of 1928, or the Achnacarry Agreement. British and American oil majors agreed to accept the existing market divisions and shares, **to set a secret world cartel price**, and to end the destructive competition and price wars in what became the Red Line Agreement. Britain forced a weakened France to agree in 1927 to let the Americans into the Middle East and revise the secret wartime Sykes-Picot accords to reflect that. A Red Line was drawn from the Dardanelles down through Palestine, to Yemen and up through the Persian Gulf.

The Anglo-American Red Line Agreement has led to oil wars and world wars since 1928

The history of the past approximately 88 years since that secret Anglo-American oil cartel agreement is not understandable if that fateful Achnacarry Red Line Agreement and its ensuing political corollaries are not understood.

Now what is very likely to emerge in the current extraordinary situation is a negotiated arrangement between Putin's Russia and the Saudi-led OPEC oil producers of the Middle East, including Iran, **to devise a new ordering of world energy supply**, one independent of the near century of Anglo-American domination. The benefits of such a new world ordering are simply too great for all involved parties to ignore.

Whether or not Igor Sechin is ready to think in such terms, it is abundantly clear by his diplomacy that President Putin and Foreign Minister Sergei Lavrov are. Not that Sechin is incapable, but the recent sacking of Vladimir Yakunin, chief executive officer of OAO Russian Railways shows that Putin is prepared to move the global situation even if it is not to the liking of his closest old circle of friends, if he deems it for a greater good of Russia.

What would be in it for Russia? Huge benefits. It would secure the world's largest pool of hydrocarbons—oil and gas—by the nations of the contiguous land mass that British "father" of geopolitics, Sir Halford Mackinder referred to as the "World island"—Russia, China, Indian subcontinent, South Asia, and now radiating in an arc deep into the entire Middle East oil belt and on into Egypt in North Africa. It would provide Russia safe markets outside the Anglo-American current war zone.

Russia would be in an entirely new negotiating position vis-a-vis German and EU economic sanctions. It would also transform the political map of the so-called American Century that emerged out of the war in 1945 with Truman's decision to drop the atomic bombs on Japan.

In such an accord with Russia, the oil producing countries of the Middle East would join as central parties to the unfolding economic boom that is emerging out of the China One Belt, One Road new Economic Silk Road rail and sea port infrastructure project.

That project, to recall, is already well underway, and Russia and the Eurasian Economic Union states have recently agreed with China to integrate the rail route development of both. The development of huge new sea ports in Myanmar and other sites around Eurasia and the Indian Ocean will directly link the Gulf countries to that Eurasian booming new economic market and beyond.

The inclusion of Iran, a geopolitical essential for all parties, as well as Saudi Arabia and the Gulf Arab OPEC states, along with Egypt, together in an alliance with the negotiated military support of the one state in the world today able to challenge the USA, namely, **Russia, would end more than a century of Anglo-American colonial wars and destruction in the region, the most recent of which is the Washington-CIA-instigated series of destructive Color Revolutions dubbed the "Arab Spring."**

Resolution of the US-UK-instigated Syrian war and their unleashing of the so-called IS on the world—lest we forget, that war and the role of the terror of the IS is the source of the ongoing refugee crisis that is destabilizing all Europe—such a peaceful resolution, absent the demands of Washington that President Assad go into exile, or that US-sponsored terrorist groups like al-Nusra and the Muslim Brotherhood take power, would be the first sign of this cooperation between Russia and the influential oil states of the Middle East. **It would deal a devastating blow to the Washington warhawks.**

As this new world ordering, including Saudi-led Arab OPEC states, Russia, China and all Eurasia becomes more likely by the day, Secretary John Kerry, CIA chief John Brennan, as well as incoming Chairman of the Joint Chiefs of Staff Marine Corps General Joseph Francis "Fighting Joe" Dunford, an outspoken Russophobe, along with the various neo-con Washington think-tanks, Defense Secretary and Democratic Party neo-con Ash (as in ashes of war) Carter, Susan Rice, war-mongering UN Ambassador Samantha Power, Vice President Joe Biden (possibly the next US President), the entire USA military industrial complex, the Wall Street money financing it, and families such as Rockefeller, Bush, Clinton, McCain, Gates, Buffett—all **these poor unhappy people are beginning to feel suddenly naked, standing in the Arctic cold frozen waters without even a paddle or an ice-breaker to navigate.**

I can empathize with their feeling, but I can't feel sorry for them in any way. **Their time has gone** for all the good they have managed not to do. It's past time for real American citizens to retake their country. After all, aren't we the majority? **We just forgot we can also be good. We should leave the war matrix behind.**