

## Middle East

## The energy bomb not yet dropped

NURUDDIN MAHMUD KAMAL

ALMOST twenty nine years ago on October 6, 1973, the Synagogues in Israel were filled with the Jewish worshippers. Suddenly, the quiet that enveloped the people was shattered by wailing sirens, alerting a startled populace to the outbreak of the fourth Arab-Israeli war in 20 years. Egypt and Syria had launched a massive attack in retaliation across the Suez canal and on the Golan Heights. The bloody fighting which ensued for three weeks before the confused United Nations arranged a cease fire was not just another bitter chapter in the story of unresolved confrontation in the Middle East. It quickly became an international energy war when, within two weeks of the war, the OPEC unleashed their weapon - and rightly so - their power to manipulate world affairs through economic action. By cutting back almost a fourth of the production of the world's greatest known oil reserves, and embargoing oil shipments to the United States and Netherlands - and subsequently Portugal, South Africa (white controlled) - they dropped an energy bomb (in political and economic sense) whose spectacular fallout spread rapidly around the world.

For the past one week, I was wondering whether it is going to happen again because of the obstinate Ariel Sharon when he vowed to keep his troops on the West Bank to form buffer zone for Israel defying the world conscience. The U.S. is playing a dubious game - apparently asking Israel to pull back (not pull out) on the face of a "new occupation" of the Palestinian land and also signalling the butcher Sheron to continue and accomplish the target! This dual policy of U.S. has already clouded the dim hopes for a so-called peace mission of U.S. Secretary of State Colin Powell to the region in a bid to keep the escalating conflict from spreading. It is a very interesting piece of joke that Sharon is trying to share with George Bush (via media Dick Cheney) that all his effort for peace agreement (through shelling at Ramallah and the office of Arafat) with the Palestinians have failed because their leader Yasser Arafat had instead waged a campaign of terrorism against Israel.

Enough is enough, the inevitable had to happen. Iraq stopped oil exports for 30 days (AFP, Baghdad). In fact, Iraq's leadership decided to "completely halt oil exports as of the afternoon of 6 April, 2002, through the pipeline carrying crude oil to the

Turkish port on the Mediterranean and also through southern Iraqi ports. "Immediately afterwards, came some positive signals from at least one OPEC country. There is now a need to take effective measures by other members of the OPEC club including Venezuela. In Doha, however, OPEC Secretary General Ali Rodriguez said that he was consulting with other member countries about Iraq's gesture. Iran's leader Ayatollah Ali Khamenei requested all Islamic oil producing countries to suspend their oil exports to western countries and those have relations with Israel "for a symbolic period of thirty days." Libya voiced support for the call.

**The diplomatic intrigues to control oil and gas continues today, with new powers and new spies working in the oil rich countries, even in a small gas producing country like Bangladesh. For the past six months an oil company named UNOCAL, for instance, is pushing the government to sign an agreement on gas export to India at the behest of the Americans. It now appears that if the State Minister for Energy willing, the company perhaps would be able to secure a decision in their favour but will they be able to implement the project against the wish of the people of Bangladesh?**

Incidentally, Iraq's proven oil reserves is 112 billion barrels and its current production capacity is 2.2 million barrels a day (mbpd). The big question is Saudi Arabia, who happens to be the swing producer in OPEC, is still silent. They can boost output from their current 7.2 million barrel per day to as much as 10.5 mbpd in a very short time. "Observers in the international oil industry think Saudi Arabia's oil clout isn't what it used to be in the 1970s. But the Sheikhs still control the world's main energy fauce" writes Christopher Dickey in the *Newsweek*, April 8-15, 2002. How long the Saudi's will continue to boast "we can always turn on the faucet and really screw the other producers?" Would the Saudi's screw their oil producing partners including the Russians or the consumers especially the United States? The world is watching with great eagerness. Until recently, the real situation was that the Saudis and the Americans often appear to be colluding at the expense of other energy suppliers or sources. Since the Gulf War ended in 1991, Riyadh and Washington have become co-leaders of an informal global league of oil producers and consumers, all

conspiring to keep prices as stable as possible at levels that don't inflict too much pain on either side. How long Saudis will keep their eyes closed on the deadly events in Palestine?

Interesting though, oil truly represents a global market, a fluid commodity easily transacted between the producers and the consumers spread all over the world. Every little up and down in the supply or demand creates ripples in the energy system. The world knows that the Saudis are the number one producer (with a quarter of the world's reserves) and the Americans with only 6 per cent of the world's population burns up a

happy by offering a special discount of about US\$ 1 per barrel over other consumers. If Iraq, Iran and Libya close their tap for a while, will the Saudis still be happy to offer the bargain to Mr. Bush?

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Nevertheless, AFP from Vienna reports that "market does not need an immediate reaction from OPEC" nor there is any reason to panic on Iraqi suspension of oil. The export suspension, in the eye of Iraqi authorities, is essentially to protest the Israeli military thrust into the West Bank and the backing it receives from the United States. OPEC is nervous, but wouldn't like to admit. It produces about 26 million barrels a day, one third of world consumption. Mr. Bush, however, is not complacent on the overall position. He warns of the worst energy crisis since the 1970s because he knows that his strategy to pump more U.S oil wouldn't solve the problem.

Before I conclude, let me remind the readers that I wrote in an article (published in *The Daily Star* on 25 February, 2001), "with George Bush in the White House through the courtesy of U.S. courts, and arch-hawk Ariel Sharon's landslide victory and assumption of office as the new prime minister of Israel, the Middle East is now threatened with the apprehension of a new operation Desert Strom. President Saddam Hussain of Iraq and Yasser Arafat of Palestine have every reason to be more worried about a bumpy future." Almost a year after it has now become clear that due to the arrogant and belligerent behaviour of Israel in particular, the Middle East is reaching a point when the *Second Energy Bomb* may be dropped any time.

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third of the oil in the market every day. Today, the Saudi's are the single biggest sources of foreign oil for the U.S market.

But that's only a part of the oil story. As many as 60 countries pump oil producing approximately 76 million barrel per day, almost 10 per cent of which come from Saudi Arabia alone. Americans are always telling the Saudis that: "oil is no more a weapon it is a resource." They think the potential for crisis is shrinking, the 1973 or 1979 would not come back. Yet, the U.S is concerned about security of supply. Prices still bounce, and at times quite wildly. From about US\$ 3 per barrel of crude oil in early 1973, the price overnight shot up to US\$ 11 per barrel, peaking to US\$ 36 per barrel (for light Arabian crude) in 1979/80. The Asian recession of 1997 however pushed the oil prices plummeting below US\$ 10 per barrel. The Saudis and the rest of the OPEC then reduced their production, and the price jumped to US\$ 35 per barrel by early 2000. Then it started receding to US\$ 18 to 20 per barrel and that's where they are trying to keep the price. However, the Saudis make special concession to make the Americans

## Playing into bin Laden's hands

'Beware of Bangladesh' is an ill-documented, overblown account, says a former editor of the *Far Eastern Economic Review*

PHILIP BOWRING

**S**EVEN months after September 11, Osama bin Laden is surely enduring -- assuming he is still alive -- an uncomfortable existence. But he probably has a grin on his face too as he surveys the ever spreading ramifications of the war on terror he has incited.

America's physical riposte was as swift and effective as anyone could have imagined. Just as the attacks of September 11 exceeded the dreams of the assassins, so the speed and effectiveness of US military actions in destroying the Taliban regime and ousting most of the al-Qaeda Arab core from Afghanistan was impressive.

However, the success of revolutionary terror is judged not by the physical damage it inflicts but by its impact on the status quo.

The destruction of old relationships, the undermining of institutions, the sowing of new hatreds are the goals. In the case of bin Laden, this was to set the West against Islam, and Arabs against each other, so that his radical version of Islam would triumph over secularist tendencies.

The degree of bin Laden's success or failure was always going to be determined by the way the US, and the world in general, reacted to those events. The initial overreaction, such as a reluctance by businessmen to travel, has been overcome.

At the economic level, dramatic reductions in interest rates and sharp rises in government spending have nullified the fiscal impact.

However, at the political level, some of bin Laden's goals are making progress. The administration of US President George W Bush has sought to equate all kinds of movements, terrorist or otherwise, with al-Qaeda. At the same time, claims by the West to be the guardian of human rights, due process and media independence are daily being called hypocritical.

Immediately after September 11, it was hoped one silver lining could be a serious Western effort to impose a settlement on Israelis and Palestinians. Whilst Palestine is a

side issue for bin Laden, it has created resentments against the West which are very deep. For the Bush administration to write off the Palestinian mainstream reacting against occupation as "terrorists" shows alarming ignorance.

The suicide bombings of civilians are certainly horrific. But the basic fact remains that Palestinians, far from being aggressors, have been on the retreat ever since that day in 1917 when the British, without reference to the inhabitants, offered to support "the establishment in

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Palestine of a national home for the Jewish people".

More recent history reveals mistakes on both sides which might have otherwise produced a permanent peace. Israeli leader Ariel Sharon has never made much secret of his desire to plant as many Jewish settlements as possible on the West Bank. His record of violence is well known. US support for Sharon as part of the war on terrorism will certainly make bin Laden chuckle.

The US effort to renew war on Iraq as part of the anti-terror fight is also playing into bin Laden's hands. Saddam Hussein certainly runs a very nasty regime. But it has almost nothing in common with bin Laden's Islamic vision.

Western antipathy to Islam can be exaggerated and become an excuse for local failings. But it is not a mirage, as recent Western media coverage of Islamic issues in Asia shows. Nothing gets better play in Western-owned media than allegations of Muslim "terror groups" running rampant around the region.

Malaysia was accused of being a key al-Qaeda base and Indonesia was roundly criticised for not arresting some Muslim fundamentalists on Washington's say-so despite a lack of evidence of illegal activities.

*Morning Post*'s resident correspondent in Jakarta, Vaudine England, on Islamic radicals in Indonesia and the "terror" beat-ups written by parachuted correspondents keen to meet the expectations of editors. As England has pointed out, most of these fundamentalists have been around for years and others are military in clerical disguise. If they are a threat, it is to follow Indonesians such as Christians in the Malukus.

Media demonisation of Islamic nations reached a new low evident in a recent issue of the *Far Eastern Economic Review*. "Beware of Bangladesh" screamed a cover story which turned out to be an ill-documented and overblown account of the dangers of Islamic fundamentalism in Bangladesh. For sure, some nasty extremists do exist in this as in all other countries, but the nation's secular policy and the precedence of Bengali over Islamic identity is rooted in its independent history.

This was the first cover story that the *Review* had run on the fifth largest country in its region in more than a decade. The Dow Jones-owned magazine, which purports to be in favour of democracy and a free press, had given just one paragraph of coverage to last year's election in

Bangladesh which led to an orderly change of government. One gets the impression that it is concerned less about giving a true and fair view of the region than meeting the expectations of bosses in New York eager to hear of Muslim terror in all corners.

Media keen to beat up Muslim terror stories cringe before the well-tuned, commercially primed authoritarianism of Singapore, indulging in blatant self-censorship.

No one can doubt Dow Jones' commitment to the US war on terror. In addition to its jingoistic editorials, it has publicly defended handing over information a reporter acquired in Afghanistan to the US authorities long before publishing it. It may be legitimate for a national news organisation to put what it sees as national interests ahead of news value and transparency. However, it cannot simultaneously claim to be international and demand global access and other rights as though it were independent. Such policies also put non-US reporters in an impossible position.

Ethnic balance has never been an obvious goal in Western media staffing. Muslims, whether Western or other nationalities, have been conspicuous by their rarity. Since September 11, much of the Western-owned media has lost its balance and followed an agenda of propaganda and prejudice. Meanwhile, most of the real enemies of the West, the educated but disillusioned Muslim misfits of the type who carried out the attacks, are still sitting and seething in London, Hamburg, Marselles and Toronto.

By going after make-believe enemies in Basilan, Bandung and Bangladesh, the West is avoiding the real issues and playing into bin Laden's hands, alienating hundreds of millions of Muslims in Bangladesh, Indonesia, Iran and elsewhere. Most of them are far more moderate than the Christian fundamentalist zealots such as Attorney-General John Ashcroft in Bush's Government.

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Courtesy: *South China Morning Post*, based in Hong Kong.