

# Letter from Nicosia

by

**William Franklin**



incorporating

the investigative journalism of

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a cesc dispatch

**April 2013**

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If you thought Iraq was all about 'Blood for Oil' you were wrong. It was far, far worse. The *Iraq War* was not 'for Oil' at all but 'for No Oil'. The mission of the oil companies is not to produce oil but to produce profits...and they make more at \$100 per barrel than at \$10...*Economics 101: module 1.1 The Curve of Supply & Demand*. This puts a different complexion on things...when put together with the energy bonanzas of the past couple of decades, such as shale gas reserves in North America and Europe and massive new gas fields in the eastern Mediterranean.



US journalist Greg Palast thought he knew that *Blood for Oil* was the Neo-Cons true *casus belli*...until he acquired a copy of a confidential *US State Department* report entitled *Options for Iraqi Oil Industry* that told him otherwise.<sup>1</sup> It seems that the key was in a flow chart on page 15 entitled *Iraq Oil Regime Timeline & Scenario Analysis* which stated that: '...a single state-owned company enhances a government's relationship with OPEC'.

Palast explained that he already had a 101-page document about another *State Department* secret scheme...first uncovered by *Wall Street Journal* reporter Neil King...that called for the privatization, the complete sell-off of

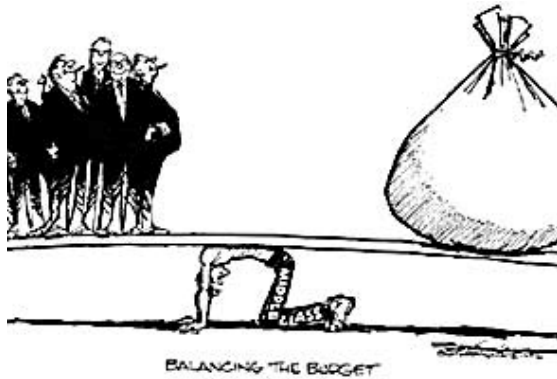
<sup>1</sup> Palast explained how he came to have a copy of the *Options for Iraqi Oil Industry* report. 'Because it was marked 'confidential' on each page, the oil industry stooge couldn't believe the *US State Department* had given me a complete copy of their secret plans for the oil fields of Iraq. Actually, the *State Department* had done no such thing. But my line of bullshit had been so well-practiced and the set-up on my mark had so thoroughly established my fake identity that I almost began to believe my own lies. I closed in. I said I wanted to make sure she and I were working from the same *State Department* draft. Could she tell me the official name, date and number of pages? She did. Bingo! I'd just beaten the *Military-Petroleum Complex* in a lying contest, so I had a right to be stoked. After phoning numbers from California to Kazakhstan to trick my mark, my next calls were to the *State Department* and *Pentagon*. Now that I had the specs on the scheme for Iraq's oil - that *State* and *Defense Department* swore, in writing, did not exist - I told them I'd appreciate their handing over a copy (no expurgations, please) or there would be a very embarrassing story on *BBC Newsnight*. Within days, our chief of investigations, Ms Badpenny, delivered to my shack in the woods outside New York a 323-page, three-volume program for Iraq's oil crafted by George Bush's *State Department* and petroleum insiders meeting secretly in Houston, Texas. I cracked open the pile of paper - and I was blown away.'



every single government-owned asset and industry. And in case anyone missed the point, the sales would include every derrick, pipe and barrel of oil, or, as the document put it, 'especially the oil'.

George Dubya Bush and Tony Blair did not invade Iraq to buy up its oil fields...cheap and at gun-point...and cart off the oil. According to Palast, the *Neo-Com* idea was to break up and sell off Iraq's oil fields, ramp up production, flood the world oil market - and thereby smash *OPEC* and with it the political dominance of Saudi Arabia. That plan was created by a gaggle of corporate lobbyists and *Neo-Cons* working for the *Heritage Foundation*.

In 2004, the plan's authenticity was confirmed by Washington power player Grover Norquist.<sup>2</sup> Palast reports that General Jay Garner confirmed the plan to grab the oil before confessing that *Secretary of Defense* Donald Rumsfeld had fired him, when the General, who had lived in Iraq, complained that the *Neo-Con* grab would set off a civil war. It did. Nevertheless, Rumsfeld replaced Garner with a new American viceroy, Paul Bremer, a partner in Henry Kissinger's firm, to complete the corporate takeover of Iraq's assets... 'especially the oil'. But that was not to be.



While Bremer oversaw the wall-to-wall transfer of Iraqi industries to foreign corporations, he was stopped cold at the edge of the oil fields. How? Here is Palast again.

"I knew there was only one man who could swat away the entire *Neo-Con* army: James Baker, former *Secretary of State*, Bush family *consigliere* and most important, counsel to *Exxon-Mobil Corporation* and the *House of Saud*."<sup>3</sup>

What Palast was uncovering was that the US oil industry was using its full political might to prevent their being handed ownership of Iraq's oil fields. "That's right," writes Palast, "The oil companies did not want to own the oil fields - and they sure as hell did not want the oil. Just the opposite. They wanted to make sure there would be a limit on the amount of oil that would come out of Iraq."

"There was no way in hell that Baker's clients, from *Exxon* to *Abdullah*, were going to let a gaggle of *Neo-Con* freaks smash up Iraq's oil industry, break *OPEC* production quotas, flood the market with six million barrels of Iraqi oil a day and thereby knock its price back down to \$13 a barrel where it was in 1998."

"*Big Oil* simply could not allow Iraq's oil fields to be privatized and taken from state control. That would make it impossible to keep Iraq within *OPEC*...an avowed goal of the *Neo-Cons*...as the state could no longer limit production in accordance with the cartel's quota system."

"The problem with Saddam was not the threat that he'd stop the flow of oil - he was trying to sell more. The price of oil had been boosted 300 percent by sanctions and an embargo cutting Iraq's sales to two million barrels a day from four. With Saddam gone, the only way to keep the damn oil in the ground was to leave it locked up inside the busted state oil company which would remain under *OPEC* (i.e. Saudi) quotas."

"The *James Baker Institute* quickly and secretly started in on drafting the 323-page plan for the *State Department*. In May 2003, with authority granted from the top (i.e. Dick Cheney), ex-*Shell Oil USA* chief executive Phil Carroll was rushed to Baghdad to take charge of Iraq's oil. He told Bremer, "There will be no privatization of oil - END OF STATEMENT." Carroll then passed off control of Iraq's oil to Bob McKee of *Halliburton*, Cheney's old oil-services company, who implemented the Baker 'enhance *OPEC*' option anchored in state ownership. Some oil could be released, mainly to China, through limited, but lucrative, 'production sharing agreements'."

"And that," explains Palast, "is how George Bush won the war in Iraq. The invasion was not about *Blood for Oil*, but something far more sinister: *Blood for No Oil*: war to keep supply tight and send prices skyward. Oil men are not in the business of producing oil. They are in the business of producing profits. And they've succeeded."

Iraq, capable of producing 6 to 12 million barrels of oil a day, still exports well under its old *OPEC* quota of three million barrels. The result? As we mark the tenth anniversary of the invasion this month, we also mark the fifth year of crude at \$100 a barrel. As George Bush could proudly say to James Baker: Mission Accomplished!"

<sup>2</sup> Palast adds to his narrative that: 'It's hard to erase the ill memory of Grover excitedly waving around his soft little hands as he boasted about turning Iraq into a free-market Disneyland, recreating Chile in Mesopotamia, complete with the Pinochet-style dictatorship necessary to lock up the assets - while behind Norquist, Richard Nixon snarled at me from a gargantuan portrait.'

<sup>3</sup> Palast again: 'One unwitting source was industry oil-trading maven Edward Morse of *Lehman/Credit Suisse*, who threatened to sue *Harper's Magazine* for my quoting him. Morse denied I ever spoke with him. But when I played the tape from my hidden recorder, his memory cleared and he scampered away.'

Meanwhile ten years later, *Provincial Germany*...blissfully unaware of America's *No Oil* strategy...were celebrating not being asked to bail out another Mediterranean basket case. The glad tidings about the Cyprus agreement reached Berlin, Frankfurt & Munich early on Saturday 16th March 2013. The money for Cyprus was to come from the *European Stability Mechanism* and the *IMF*...and from anyone daft enough to have a Cyprus bank account.

The global media were quick to point out that people with accounts of more than €100,000 were probably Russian money launderers. So who could be against them paying their share to prop up the over-blown and under-regulated Cyprus banking system? But soon questions were asked.

Events came to a head...the first of several...on Tuesday 19th March 2013 when the *Cyprus Parliament* was instructed to rubber stamp the agreements cobbled together in Brussels over the previous weekend. By now it was clear that assuming anyone with a large deposit was a *Money Launderer* was just plain silly. And besides, wasn't it *Europol's* job to deal with money laundering?

But even if you believe the *Polluter Pay Principle*...those responsible for a mess should clean it up, are the Cyprus banks customers responsible for the banks' managers over-investing in Greek bonds and other dodgy paper...and losing their shirts when Greece was bailed out?

Finally, aren't bank deposits up to €100,000 supposed to be insured across the *Eurozone*? How can a cabal of overpaid *EuroPoliticos* decide that a businessman in Nicosia has to take a hit just because he was gullible enough to believe that the *Rule of Law* applied to him too?

The old way was to railroad through this kind of brokered deal as fast as possible. But this doesn't work anymore. European leaders are hopelessly out of touch. Social media and mobile phone networks move faster than any cabal of bankers, politicians and bureaucrats. Everyone knows about their chummy *Weekend Shooting Parties*...*plus ça change plus c'est la même chose*. Or almost. But welcome to the new democracy of the 21st century.

During the German student agitation of the 1960s, the rebels shouted: 'Legal, illegal, scheissegal!' - legal, illegal, who gives a shit? The *EU* has developed a habit of adopting a similar cavalier approach to the *Rule of Law*. The PR firms would have the victims believe that they had acquired a stake in the reserves of *Cypriot Banks*. But this fooled no one. This was an attempted overnight *Smash 'n Grab* raid on the banks.



The people of Europe and their governments first got wind of this new approach to the law several years ago when the two big *EuroBeasts*, the Germans and the French, used their muscle to trash the *Maastricht Treaty*, with its no bailout clause and strict budgetary rules. We were persuaded at the time that this was an isolated incident. It wasn't.

Soon after this, European leaders began playing fast and loose with any national referendum that came up with the wrong result. More recently, when Britain wouldn't vote for the *Fiscal Compact*, the *EU* formed a coalition of the willing to work around the British veto. And although the *European Central Bank* is expressly forbidden from buying the debt of *Eurozone* members, this is precisely what it is now doing. And so it goes on.

Nonetheless there is a difference between all this and the skulduggery in Cyprus. Up until now, the intent has been to replace the laws being broken by new laws...if it is illegal, pass a law and make it legal. But with the raid on Cyprus, the *EU* abandoned this principle in favour of 'whatever works'. No wonder that many Europeans have been having second thoughts. It's all very well to fleece rich Russians, who get on Germans' nerves at Swiss ski resorts and on the Turkish Riviera; but who is to say that Spain or Slovenia won't be next...or Germany?

But let us join up some of the points made so far, because *Big Brother* on the other side of the North Atlantic has grand plans for *New Germany*. Germany plays a crucial role in *American Geopolitics*. Since World War II, the US used carrots and sticks so that Germany would not focus too strongly on the East. Germany allied with the Soviet Union or with Russia would limit US influence on Europe and destroy the





plans of the US superpower.<sup>4</sup> Promoting Germany's war guilt worked well enough for the war generation but has now lost its political effectiveness. The US has updated her plan for Germany. She must play her new role 'in the EU' and 'under US tutelage'.

In 2012, in an article in *Foreign Affairs* entitled *The Crisis of Europe*,<sup>5</sup> Timothy Garton Ash, Professor for *European Studies* at *Oxford University*<sup>6</sup> wrote: "Germany is the key to Europe's future, as it has been, one way or another, for

at least a century. The irony of unintended consequences is especially acute here. If Kohl was the first chancellor of a united Germany since Hitler, François Hollande is the first Socialist president of France since Mitterrand, and it is Mitterrand's legacy he has to wrestle with.

Monetary union, the method through which Mitterrand intended to keep united Germany in its proper place...co-driver with France, but still deferential to it...has ended up putting Germany at the wheel, with France as an irate husband flapping around in the passenger seat ('Turn left, Angela, turn left!').

At the time of German reunification, German politicians never tired of characterizing their goal in the finely turned words of Thomas Mann: 'Not a German Europe but a European Germany.' But what we see today is both: a European Germany in



a German Europe...howbeit one that gives little cause for alarm as it is civilized, democratic, humane, law-abiding, and very good at soccer.

But at the centre of *German Europe* is the *Berlin Republic* and when it comes to political economy, Germany calls the shots.<sup>7</sup> So questions are being asked about where this *German Europe* will lead us? There are serious voices who point out that the only intention of the whole *EuroCrisis* is to distract the people of Europe from the third world war...a war that has already begun and which will be more brutal and violent than the last one.

The US project of a *United States of Europe* makes less and less sense to the peoples of Europe. The *EuroCrisis* convinces only certain elites of the 'necessity for political union'...not the peoples of Europe or Germany. So it is not surprising that in Germany a new *Anti-Euro* party, the *Alternative for Germany*, has been organizing itself ahead of the *Bundestag* elections later this year. Polls suggest that a quarter of Germans would consider voting for it.

As with the *United Kingdom Independence Party (UKIP)*, many members of Germany's *Anti-Euro* party are disaffected old men from academia or the media, making uneasy bed-fellows with a rag-bag of the usual suspects such parties attract.

It is doubtful that these can mount a real challenge to the political consensus, but even if they only get a few percentage points, it could be enough to cost Merkel's centre-right coalition the election.

And new parties mature...as *UKIP* has done over the past two decades. With experience, new parties find out what works on the doorsteps and the billboards and craft their message until they are in tune with the electorate. Eventually, as in the 2013 Eastleigh by-election in England, they present a serious challenge to the established political parties.



In the short term, Merkel can always govern with the *Social Democrats*, just as *David Cameron* can enter into a coalition with the *Liberal Democrats*. But all the same, with questions being asked about the Cyprus bank raid and

<sup>4</sup> See *The Grand Chessboard: American Primacy and Its Geostrategic Imperatives* by Zbigniew Brzezinski.

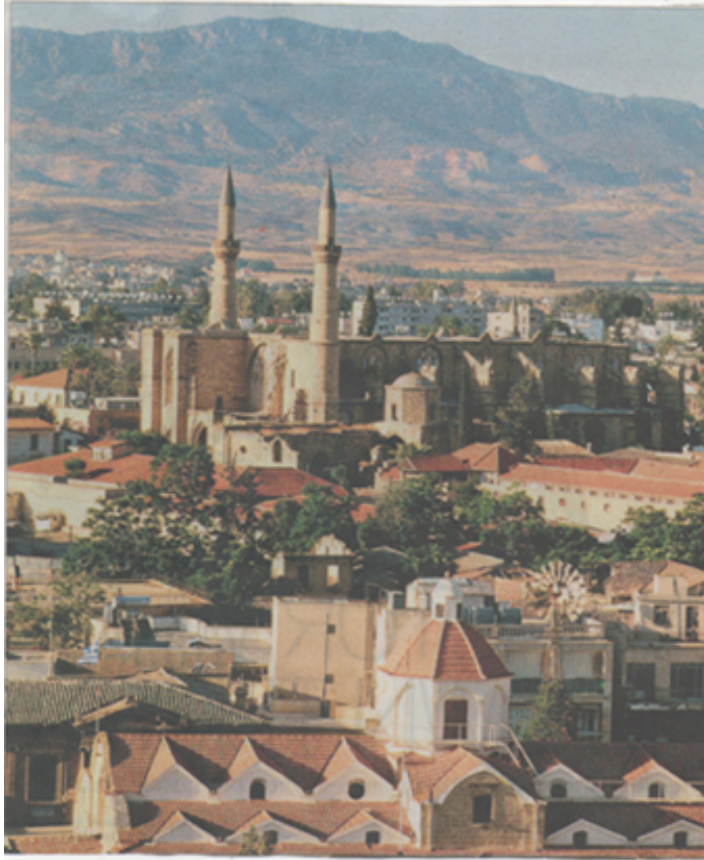
<sup>5</sup> See *Foreign Affairs*, the journal of the *Council on Foreign Relations* (September/October 2012, pp. 2–15).

<sup>6</sup> Timothy Garton Ash was also a *Senior Fellow* at the *Hoover Institution*, a think tank at *Stanford University* financed by large corporations that has long been advising George W. Bush on international issues.

<sup>7</sup> The same is not true where foreign and defence policy are concerned...the special preserve of France and the UK.

with the arrival of Germany's home-spun *Europhobes*, Merkel is close to failing in her primary objective...to keep the *Euro* out of the election campaign. The *Euro* is back...and looking scarier than ever.

The first real panic in Cyprus started on Monday 18th March 2013 when ordinary citizens learned that the government was about to take 6¾ % of the money in their bank accounts as part of a package to bail out the banks. The outrage was justified, predictable, and immediate. Then, in a move reminiscent of the *Great Depression*, banks were closed in a government-mandated *Bank Holiday* while the authorities scrambled to figure out what to do next.



But the origin of the crisis started many years ago, when the tiny nation of Cyprus 'liberalized' its banking laws and became a haven for offshore money, including money from *Russian Oligarchs*, and the Cypriot banks lent money to other *European Union* states...including Greece.

The *Eurozone* financial crisis and Greece's fiscal meltdown hit Cyprus hard and resulted in a German-dominated *EU* imposing strict austerity measures on the Cypriot people.

The one million Cypriots struggled along as best they could until last week's shock announcement that a tax would be imposed on all deposits ...although unlike any other tax, people are being given *Bank Shares* in lieu of the stolen cash.

Nonetheless the decision to hit ordinary people's savings violates norms, expectations, and values that have guided Western democracies for a very long time...hence the shock.

Greek Cypriots were also aware of a feeling among European officials that Cyprus was an offshore jurisdiction laundering funds of dubious origins and should be punished for doing so. But that is now. Seven years ago it was different.

In 2006...just before the global financial crisis struck...the *International Monetary Fund*, which

is helping to orchestrate the Cyprus deal, conducted an audit of Cyprus' banking regulations and reported that '...supervision of international banks and domestic commercial banks, already found to be very competent in the assessment of 2001, has progressed to reach high standards.'

But it seems that these international financial organizations miscalculated in preaching a *Theology of Deregulation* rather than the *Wisdom of Oversight*. The people of Cyprus are now expected to pay for this ideologically-driven blunder. The latest attempt to 'rescue the Cyprus economy' comes after long years in which the *EU*, the *International Monetary Fund*, and other organizations imposed harsh austerity measures on the Cypriot people.

The measures proposed in November 2012 included an across-the-board salary cut for government workers, an increase in the retirement age, government downsizing, a set-aside of future profits from newly-discovered natural gas deposits, and regressive tax increases for property, beer, spirits and tobacco...and these came fast on the heels of earlier austerity measures deemed adequate at the time by the *EU Economic and Financial Affairs Council*.

*EU Commission Vice President* Olli Rehn boasted that new measures "will reduce the deficit to 2.7% by the end of 2012," adding: "This shows Cyprus' strong commitment and ability to ensure sustainability of its public finances." Apparently there's no penalty for being horribly, massively wrong...as long as you're part of the global financial elite. You just make your next move, which always includes doubling down on the austerity.

The enthusiastic *IMF* review of Cyprus' regulatory environment has now been forgotten as the bureaucrats lecture Cyprus about the lax way it oversaw the banking system. The *Financial Elites* feint surprise at discovering that bankers will do very risky things to make money if nobody is watching them...and the laws against usury have a history but no future. At least the US has a *Volcker Rule* to keep American depositors clear of bad bank investments.

The Cyprus banking sector is dominated by three banks which by Cypriot standards are 'too big to fail'. These control 56 percent of domestic deposits and 48 percent of domestic loans but are also deeply involved in risky international loans. Total banking assets in Cyprus total nearly 900 percent of the country's *Gross Domestic Product* posing a major threat to the national economy...in the same way that Iceland's private banks threatened Iceland.



The *Propaganda Campaigns* argued that the Cyprus bank deposits tax was aimed at Russian oligarchs who were evading taxes and leaving billions in these offshore accounts. But even though deposits above € 100,000 were taxed at 10%, ordinary Cypriots were caught in the same net as the high depositors...to the tune of 6.75%. It seems not to matter whether it's the life savings of a middle-class family, or billions from flashy fast-buck artists who party on Volga houseboats and circle the globe in private jets.

This offers another frightening glimpse into the minds of the *Financial Elite*. *EU* official logic is that they had to hit ordinary depositors with this tax because it was the funds of bank depositors that enabled the over-expansion of the Cypriot banking system. But the truth is that depositors had no say in how their funds were used...and nor was it in their interest to allow the banks to gamble with their savings.

Who did have influence? Many of the same officials who now argue that ordinary bank customers should pay for official errors of judgment; in allowing reckless under-regulation of Cypriot banks; in approving Cyprus' *EU* membership; and in a variety of other foolish decisions. But even here doubts must enter in.

The biggest hit to the Cyprus banking system, the one that precipitated this crisis in the first place, was the losses imposed on the holders of *Greek Government Debt* by the troika of institutions behind the latest highly predictable events that apparently caught everybody by surprise. Investors should be accountable for bad investments...but not before innocent depositors have been separated from greedy speculators.



Besides, just why is Berlin quibbling over the Cyprus bail-out? The short answer is 'because they can'. Yet Germany has been profiting from the *EuroProject* for a decade. German politicians and bureaucrats are quick to berate the citizens of other countries for the actions of their government officials and bankers. But these were the actions that they had tolerated and encouraged for years.

And then there's the *Russian Dimension*. President Vladimir Putin called the decision to seize money from savers' bank accounts 'unfair, unprofessional and dangerous'. Dangerous? Is that a reference to a *Kremlin* offer to bail out the Cyprus banks in exchange for the right to use the naval bases in the Greek part of the island? Moscow has already handed over three billion dollars to prop up the Cyprus economy. And last year Russia docked warships in the Cypriot port of Limassol...and has use of a foreign base at Tartus in Syria.

Or perhaps Putin means 'dangerous' in the context of *Gazprom's* proposal...which arrived on the desk of the Cypriot President Nicos Anastasiades the day after the *Brussels Diktat*...to undertake the restructuring of Cyprus' banks in exchange for exploration rights for natural gas beneath the island's sea floor?

And what precisely is the status of the thirty billion dollars of Russian cash on the island? Cyprus with a population of one million is holding deposits equal to eight times the island's GDP. Cyprus ranks as the largest source of foreign direct investment into Russia. The money originates in Russia and passes through Cypriot banks before being sent back to Russia.<sup>8</sup> Russian Prime Minister Dmitry Medvedev said the *Eurozone* decision seemed to be aimed at confiscating someone else's property. 'This practice unfortunately was well-known and familiar in the Soviet period,' he added. Cyprus *Finance Minister* Michael Sarris visited Moscow in an attempt to pin down new loan terms and discuss the Russians buying a majority stake in *Cyprus Popular Bank* and increasing their holdings in the *Bank of Cyprus*...the two biggest banks on the island.<sup>9</sup>

British ex-patriots living on Cyprus blame dirty Russian money on the island for what they assume is a German decision to attach strings to the bail-out by demanding the right of access to Cypriot bank deposits. An English businessman who moved to Cyprus ten years ago and runs a fruit and vegetable business said: 'The only reason Germany is doing this is because they think rich Russians launder their money through the banks here in Cyprus.'



Perhaps he would have been a little more circumspect if he had known that many of these *Russian Money Launderers* are close to Russian President Putin...former colleagues from the *KGB*. He continued: 'The Russians all carry cash. I know because they come here and buy fruit with 500-euro notes. The only people being hurt are expatriate Brits and ordinary Cypriot people.'

On Tuesday 19th March 2013, on the instructions of the British prime minister, the *RAF* flew a billion euros out to Cyprus. Let's hope they took along some mattresses. These may be the only safe place to stash it all. The same evening, the Cypriot parliament threw out the *EU-IMF-EDB* deal. Not a single Cypriot politician voted for the looting operation...designed to raise the €6 billion demanded by the troika before Cyprus could access the €10 billion of bail-out funds on the table. President Nicos Anastasiades led the rebellion by abstaining. There were 19 abstentions and 36 votes against. Politicians feel the deal is neither just nor in the interest of Cyprus.

In the USA, Paul Krugman predicted bank runs in other troubled European countries. He was right. By Wednesday morning (20-III-2013) the British business press was reporting Luis de Guindos, *Spain's Finance Minister*, 'scrambling to reassure investors'...that 'deposits of under €100,000 are sacred...under Spanish and *Eurozone* rules'.

But financial analysts were not convinced. 'There is no precedent for what would happen if Cyprus rejected the conditions,' wrote Holger Schmieding, chief economist at *Berenberg bank*, 'Our best guess is that Europe would give Cyprus a brief and final chance to rethink and vote again.'

The deal was hailed as good for Germany by its *Finance Minister*. But Russia's Prime Minister, Dmitri Medvedev, called it 'stealing what's already been stolen' in a dig at the Russians who keep £17 billion outside their homeland in

<sup>8</sup> On Thursday 13th December 2012, the Swedish business newspaper *Dagensindustri* reported a speech by Russian President Vladimir Putin under the headline *Putin's Speech Boosts Russian Share Prices*. The main item in the report was a new Russian investment strategy for its billion kronor (150 million dollars) *Oil Fund*. Currently most of the *Oil Fund Holdings* are in foreign bonds (sovereign & corporate), but the fund had been commanded to diversify into *Russian Shares*. Unfortunately the '22 miljarder kronor' to be invested in these shares was a mere two and a quarter percent of the *Oil Fund's* net worth. In parallel there would be yet another attempt to crack down on corruption in Russia, now considered by the *Kremlin* to be endemic...and potentially destabilizing. Civil servants will be forbidden to transfer money to offshore accounts and must declare the source of any money in their bank accounts. Although this new carrot and stick approach to encourage the *Russian Oligarchy* to invest at home was interesting it hardly constituted 'news' for the Swedish business community. What was really interesting was the final paragraph...reporting Putin's desire for 'more Russians'. Here is my translation of Rolf Hansson's report in *Dagensindustri* of this part of Putin's speech: 'Vladimir Putin devoted a substantial part of his (extremely patriotic) speech to the issue of population. He called it 'a tragedy' that the Russian population was declining year on year, because of 'high mortality among middle-aged men, even though the situation has now been stabilized'. He also said that the low birth-rate must be turned around: 'It should be the norm in Russia for every family to have three children'.'

<sup>9</sup> Sarris appeared to come back empty handed, to the delight of the Western press who reported this as a lost opportunity for Russia. But not everybody saw things this way....see the article below (page 19) by Yuri M. Zhukov (March 29, 2013) entitled: *Why Moscow Is Playing the Long Game on the Island of Aphrodite*.



Cypriot accounts, while ex-Kremlin adviser Andrew Nekrassov pointed out that: 'There are German companies operating in Russia. You could look at freezing their assets'.

On Tuesday 26th March 2013 a leader column in the left-leaning *Daily Mirror* said: 'In Cyprus, bank account holders with more than €100,000 will pay for the financial collapse. In Britain, we paid by spending tens of billions of pounds nationalizing banks and propping up a collapsing sector so cash machines didn't run dry. Whichever way a country pays, it is clear the international financial system is not operating in the interests of ordinary people. The greed of speculators, gambling fortunes on the spin of a global economy's casino wheel, is creating poverty the world over. Somebody has to pay when a bank goes bust - but shouldn't it be the bankers?'

The same day in a front-page report in the right-leaning *Daily Telegraph*, it was reported from Brussels that: 'Britons living in other *European Union* countries could see their savings raided to help save the single currency



following a controversial deal to resolve the Cyprus crisis. A senior *Eurozone* figure yesterday suggested the plan to save Cyprus could serve as a template for rescuing other troubled *EU* states.' It seems that Kerogen Dijsselbloem, the Dutch chairman of the *Eurozone*, had suggested that the structure of the *Cyprus Bail-Out* could become the model to be applied across Europe, where banks in Spain, Portugal, Italy and Slovenia are also in trouble. Remarks like this fuel suspicions that Cyprus is a small-scale experiment to see how people react when *Fiscal Incursions* go beyond previously-respected boundaries.

Not so long ago most people would have dismissed this kind of talk as paranoid. But now? Who knows? We know the *Global Elites* misunderstand economics. We know they have the wrong priorities. Is it so unreasonable to believe these unelected *Global Elites* are capable of more extreme actions than we realized.

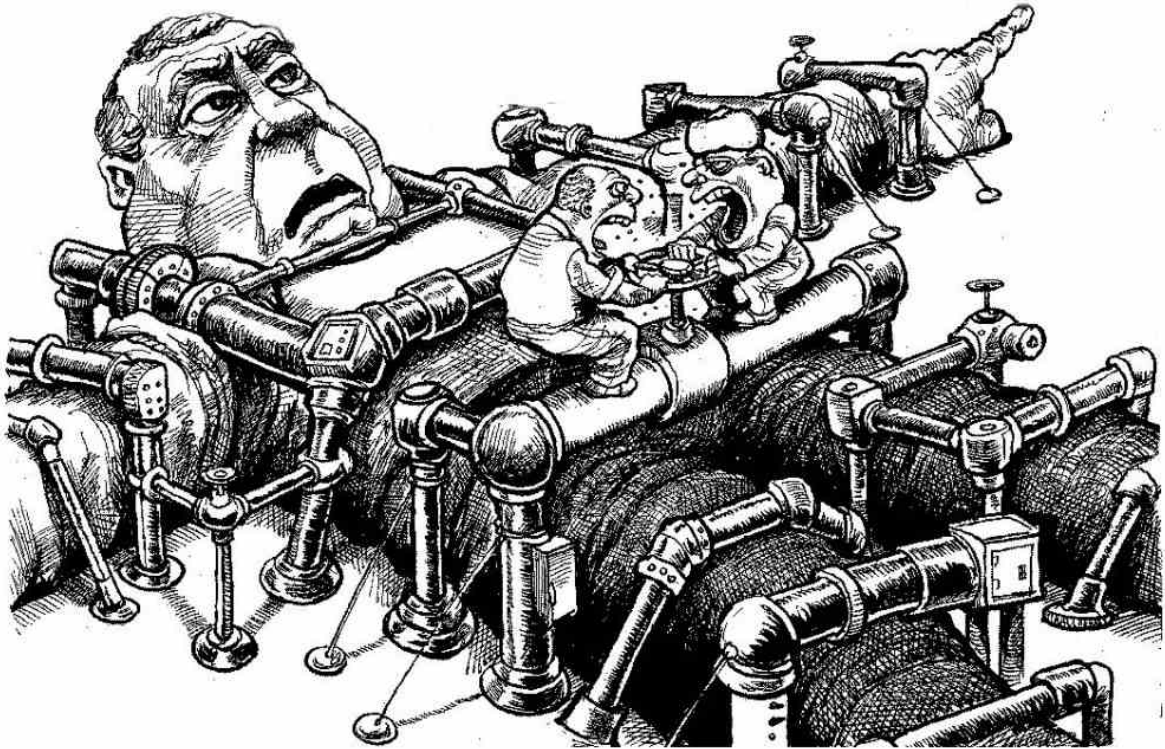
The implications for the rest of Europe range from worrying to ominous. Cyprus has not done an Iceland and sent the *IMF* packing...but then Iceland did not suffer from the disadvantage of being in the *Eurozone* and was not part of the *European Community*. There was never any direct risk that ejecting Cyprus from the *Eurozone* would drag the currency into chaos or threaten the *European Project* because, in economic terms, Cyprus is as significant to the *Eurozone* as Southend is to the UK economy, accounting for 0.2 percent of *EU* and 0.02 percent of Global GDP.

But the indirect risks...the unintended consequences...may turn out to be the ones that break the back of an unworkable currency union. Each *Eurorescue* is more fraught and more fractious than the one before. If Berlin, Brussels and the *IMF* find tiny Cyprus so hard, how will they cope with Slovenia, Portugal or Italy? As it becomes

clear that austerity has failed; bank deregulation doesn't work; and the 'fair share' principle of progressive taxation, is under assault, the people who led us into this mess will no longer be the obvious candidates to lead us out of it.

The truly scary scenario clicks in when the *Global Elites* and their *Pin-Striped Mafia*...the accountants, lawyers, politicians and bureaucrats...realize their power is under threat. These high-rollers are playing for very high stakes. Will *The Shock Doctrine* be invoked next time; and then *The Lugano Report*?<sup>10</sup>

But is the *Cyprus Crisis* really about banks and money? Or, like the wars in Yugoslavia and Mesopotamia, are we seeing the shadow on the wall of a new *Great Game*? William Engdahl makes the case.



### Rising energy tensions in the Aegean Sea by William Engdahl

first published in the *Voltaire Network* on 6 March 2012

The gas and oil windfall in the Aegean sea promises to shake up the geopolitical landscape. Greece's new-found reserves could pay off her entire debt, although the foreign patrons of the de-sovereignized state have very different plans. Hillary Clinton, President Obama's *Secretary of State*, was quick to turn up in Athens to dictate her terms on behalf of US (and Bill's) energy interests in the region, which includes antagonizing Russia.

The discovery in late 2010 of the huge natural gas bonanza off Israel's Mediterranean shores triggered other neighbouring countries to look more closely at their own waters. The results revealed that the entire eastern Mediterranean is swimming in huge untapped oil and gas reserves. That discovery is having enormous political and economic consequences. It may well have potential military consequences too.

Preliminary exploration has confirmed similarly impressive reserves of gas and oil in the waters off Greece, Turkey, Cyprus and potentially, Syria. Not surprisingly, amid its disastrous financial crisis the Greek government began serious exploration for oil and gas. Since then the country has been in a curious kind of a dance with the *IMF* and *EU* governments, a kind of *Energy Sirtaki* over who controls and benefits from the huge resource discoveries there.

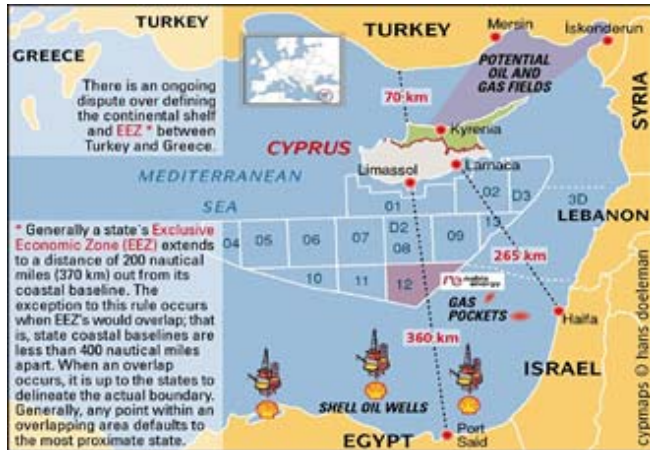
In December 2010, as it seemed the Greek crisis might still be resolved without the by-now huge bailouts or privatizations, Greece's *Energy Ministry* formed a special group of experts to research the prospects for oil and gas in Greek waters. Greece's *Enegean Oil & Gas* began increased investment into drilling in the offshore waters after a successful smaller oil discovery in 2009. Major geological surveys were made. Preliminary estimates now are that

<sup>10</sup> See *The Shock Doctrine* by Naomi Klein and *The Lugano Report* by Susan George.



total offshore oil in Greek waters exceeds 22 billion barrels in the Ionian Sea off western Greece and some 4 billion barrels in the northern Aegean Sea.<sup>11</sup>

The southern Aegean Sea and Cretan Sea are yet to be explored, so the numbers could be significantly higher. An earlier *Greek National Council for Energy Policy* report stated that 'Greece is one of the least explored countries in Europe regarding hydrocarbon oil and gas potentials.' Surveys already done that have measured the amount of natural gas, estimate it to reach some nine trillion dollars.<sup>12</sup> Even if only a fraction of that is available, it would transform the finances of Greece and the entire region.



*Tulane University* oil expert David Hynes told an audience in Athens recently that Greece could potentially solve its entire public debt crisis through development of its newly-found gas and oil. He conservatively estimates that exploitation of the reserves already discovered could bring the country more than € 302 billion over 25 years.

Yet despite this, the Greek government has been forced to agree to huge government layoffs, wage cuts and pension cuts to access a second *EU-IMF* loan that will only drive the country deeper into economic decline.<sup>13</sup>

The *IMF* and *EU*...including Germany...demand instead that Greece sells off its valuable ports and public companies and the Greek state oil companies, to reduce the *National Debt*.

Under the best conditions the asset sell-offs would bring the country perhaps €50 billion. Plans call for the Greek state-owned natural gas company, *DEPA*, to privatize 65% of its shares to reduce the debt.<sup>14</sup> Few Greek companies are in a position to bid for these assets, so buyers will come from abroad.

One significant problem, aside from the fact the *IMF* demands Greece sell off its public oil interests, is the fact that Greece has not declared a deeper exclusive economic zone like most other countries which drill for oil. There was seen little need until now. An *Exclusive Economic Zone (EEZ)* gives a state special mineral rights in its declared waters under the *Third United Nations Convention on the Law of the Sea (UNCLOS)*, which came into force in November 1994. Under *UNCLOS III*, a state can claim an *EEZ* of 200 nautical miles from its coastline.<sup>15</sup>

Turkey has previously stated it would consider it an act of war if Greece drilled further into the Aegean.<sup>16</sup> Until now that did not seem to have serious economic consequences, as no oil or gas reserves were known. Now it's an entirely different ballgame. Evangelos Kouloumbis, the former *Greek Industry Minister*, recently stated that Greece could cover '50% of its needs with the oil to be found in offshore fields in the Aegean Sea, and the only obstacle to that is the Turkish opposition to an eventual Greek exploitation.'<sup>17</sup>

In July 2011 Washington joined the *Greek Energy Sirtaki*. Secretary of State Hillary Clinton flew to Athens with energy on her mind. That was clear by the fact that she took with her *Special Envoy for Eurasian Energy*, Richard Morningstar. Morningstar was husband Bill Clinton's *Special Advisor to the President on Caspian Basin Energy Diplomacy*, and one of the Washington strategic operatives in the geopolitical battles to dismember the Soviet Union and surround a chaos-ridden Russia with hostile pro-*NATO* former states of the *USSR*.

Morningstar, along with his controversial aide, Matthew Bryza, have been the key Washington architects of Washington's geopolitically-motivated *Oil and Gas Pipeline Projects* that would isolate Russia and its *Gazprom* gas resources from the *EU*. Bryza is an open opponent of Russian *Gazprom's South Stream Gas Pipeline* that would transit the eastern Mediterranean states.<sup>18</sup>

<sup>11</sup> Ioannis Michaletos, *Greek Companies Step Up Offshore Oil Exploration-Large Reserves*, balkananalysis.com, Dec 8, 2010.

<sup>12</sup> Hellas Frappe, *Hillary came to Greece to seal oil exploration deals*, hellasfrappe.blogspot.com, July 21, 2011.

<sup>13</sup> Chris Blake, *Drilling for oil in the Aegean may help ease Greece's debt crisis*, hellenext.org, July 7, 2011.

<sup>14</sup> John Daly, *Greece Considering Plugging Aegean Islands into Turkish Energy Grid*, businessinsider.com, 22 Nov 2011.

<sup>15</sup> *UN Convention on the Law of the Sea; 10 Dec 1982: Part VI: Continental Shelf, Article 76, Definition of the continental shelf.*

<sup>16</sup> Chris Blake, *Drilling for oil in the Aegean may help ease Greece's debt crisis*, hellenext.org, July 7, 2011.

<sup>17</sup> Ioannis Michaletos, *Greek Companies Step Up Offshore Oil Exploration-Large Reserves*, balkananalysis.com, Dec 8, 2010.

<sup>18</sup> Hellas Frappe, *Hillary came to Greece to seal oil exploration deals!*, hellasfrappe.blogspot.com, July 21, 2011.

Clearly the *Obama Administration* is not at all neutral about the new Greek oil and gas discoveries. Three days after Hillary left Athens, the Greek government proposed creation of a new government agency to run tenders for oil and gas surveys and ultimate drilling bids.

Morningstar is the US specialist in economic warfare against Russian energy diplomacy. He was instrumental in backing the controversial *B-T-C Oil Pipeline* from Baku through Tbilisi in Georgia across to the Turkish Mediterranean port of Ceyhan, a costly enterprise designed solely to bypass Russian oil pipeline transit.

He has openly proposed that Greece and Turkey drop all historic differences over Cyprus and numerous other historic issues and pool their oil and gas reserves in the Aegean Sea. He also has told the Greek government it should forget cooperation with Moscow on the *South Stream* and *Bourgas-Alexandroupolis* gas pipeline projects.

According to a report from Greek political analyst Aristotle Vassilakis published in July 2011, Washington's motive for pushing Greece to join forces with Turkey on oil and gas is to force a formula to divide the resulting oil and gas revenues. According to his report, Washington proposes that Greece and Turkey share 40% of revenues and US-backed *Noble Energy* of Houston Texas...the company successfully drilling in the Israeli and Greek offshore waters, keeps the lion's share of 60%. *Secretary of State* Hillary Clinton's husband, Bill, is a Washington lobbyist for *Noble Energy*.<sup>19</sup>



As if these geopolitical complications were not enough, *Noble Energy*, has also discovered huge volumes of gas off the coast of Cyprus. In December 2011 *Noble* announced a successful gas strike off the Cyprus coast estimated to be at least 7 trillion cubic feet of natural gas. *Noble's CEO*, Charles Davidson remarked to the press, "This latest discovery in Cyprus further highlights the quality and significance of this world-class basin."<sup>20</sup>

Cyprus is a complicated piece of real estate. In the 1970s, as declassified US Government documents recently revealed, then-US *Secretary of State* Henry Kissinger actively encouraged and facilitated the supply of arms to the Turkish regime of Kissinger's former *Harvard* student and then-Prime Minister Bulent Ecevit.

This enabled him to stage a military invasion of Cyprus, partitioning the island between an ethnically Turkish north and an ethnically Greek Republic of Cyprus in the south...a division which remains. The aim of the *Kissinger Strategy*...backed by the British...was to create a pretext for a permanent US-UK military listening post in the eastern Mediterranean during the *Cold War*.<sup>21</sup>

Today the ethnically Greek south, where *Noble* has discovered large gas deposits, is a member of the *EU*. Its President, Demetris Christofias, is the only national leader in the *EU* who is a *Communist*. He is also a close friend of both Israel and Russia. In addition, he is a major critic of American foreign policy...and of Turkey.<sup>22</sup>

Now Israel is planning to build an underwater gas pipeline from the *Israeli Levantine* fields across Cyprus waters onto the Greek mainland where the gas would be sold on the *EU* market. The Cyprus and Israel governments have mutually agreed on delimitation of their respective economic zones, leaving Turkey in the cold. Turkey openly threatened Cyprus for signing the agreement with *Noble Energy*. That led to a Russian statement that it would not tolerate Turkish threats against Cyprus, further complicating Turkish-Russian relations.<sup>23</sup>

Turkish-Israeli relations, once quite friendly, have become increasingly strained in recent years under the Erdogan foreign policies. Ankara has expressed concern about Israel's recent ties with its historic antagonists, Greece and the Greek side of Cyprus. Turkey's ally the Turkish Republic of Northern Cyprus, fears it could miss out on its share of the gas after Israel and Nicosia signed an agreement to divide the 250 kilometres of sea that separate them.<sup>24</sup>

It becomes evident, from a glance at the map, that this oil and gas prospective bonanza is an unfolding conflict zone of tectonic magnitude involving the strategic interests of US, Russia, EU, Israel, Turkey, Syria and Lebanon.

There follows two articles by the French journalist Thierry Meyssan<sup>25</sup> published in the *Voltaire Network*; and an interview with Meyssan in the *Tehran Times*.

<sup>19</sup> Hugh Naylor, *Vast gas fields found off Israel's shores cause trouble at home and abroad*, thenational.ae, January 24, 2011.

<sup>20</sup> *Noble Energy Press Release, Significant Natural Gas Discovery Offshore of Cyprus*, maritime-executive.com, Dec 28, 2011.

<sup>21</sup> Larisa Alexandrovna and Muriel Kane, *New documents link Kissinger to two 1970s coups*, rawstory.com, June 26, 2007.

<sup>22</sup> Yilan, *Cyprus conflict defies ready solution*, turkeymacedonia.wordpress.com, May 30, 2011.

<sup>23</sup> Stephen Blank, *Turkey and Cyprus Gas: More Troubles Ahead in 2012*, Turkey Analyst, vol. 5 no. 1, Central Asian Caucasus Institute, silkroadstudies.org, 9 January 2011.

<sup>24</sup> Hugh Naylor, *Vast gas fields found off Israel's shores cause trouble at home and abroad*, thenational.ae, January 24, 2011.

<sup>25</sup> Thierry Meyssan, founder and chairman of *Voltaire Network* and the *Axis for Peace Conference* and *Professor of International Relations at the Centre for Strategic Studies* in Damascus. Meyssan has been reporting from Syria since the violence started in



**John Kerry's Murky Game by Thierry Meyssan***first published in the Voltaire Network on 10 March 2013*

While the *Syrian Arab army* has lost Rakka, leaving *de facto* a northern part of the country under Turkish control, the United States has been sending contradictory signals. Have they chosen to continue the war by proxy or are they gearing up to impose on their allies the peace agreement they have negotiated with the Russians? Implementation of the *Syrian Peace Plan* negotiated between the Russians and Americans is at a standstill. First there was delay in confirming the new US security team by the *US Senate* and then inconsistent/contradictory statements by the new *Secretary of State*, John Kerry. Two new elements can be established.

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Firstly the activism of Saudi Arabia and Qatar has been reinforced with the apparent agreement of the *US Department of State*. At a joint press conference with his Saudi counterpart, Kerry twice repeated the US commitment to a 'peaceful solution' in Syria and then approved sending Saudi Arabian arms to the Syrian 'moderate' opposition. Kerry repeated these contradictions during his visit to Qatar.

At the symbolic level, Saudi Arabia and Qatar have attributed the Syrian seat of the *Arab League* to the *Syrian National Coalition*. In addition, upon request, the *League* has authorized its members to arm the 'Syrian rebels'. It is impossible that members of the *League* would have voted for these actions without prior approval from Mr. Kerry.

In international law, claiming or approving the unilateral sending of weapons to rebel groups...without a resolution of the *Security Council*...is a crime. If Syria filed a complaint before the *International Court of Justice*, she would obtain a condemnation of Saudi Arabia, Qatar, the United States, the *Arab League* and several others under the precedent set in 'Nicaragua vs. USA' (1984).

The initiative of the *Arab League* denies any credibility to the *Special Representative of the Secretary-General*, Lakhdar Brahimi. The old diplomat can not expect to play mediator as he represents a *de facto* party to the conflict, the *Syrian National Coalition*, even if it does not yet occupy the seat that was assigned.

Secondly the Israelis have stepped up sycophantic efforts to help everyone forget their interference in the US presidential campaign. In Washington to attend the *AIPAC* annual conference, General Ehud Barak gushed compliments to the US authorities, assuring them that they had never been so close to the state of Israel.

Prime Minister Benjamin Netanyahu, meanwhile, gave up for the first time to travel and chose to intervene via video so he did not have to meet face-to-face with leaders who would take him to task. The quarrel is thus reduced to a personal matter in order to not affect relations between states.

Ehud Barak was received at the *Pentagon* by his US counterpart, Chuck Hagel, with whom he has developed a good relationship in the past. The Israelis were promised that US aid (about \$3 billion annually) would not be affected by budget cuts. In return, Barak ceded over Syria.

In the *Department of Defense* press release, it is clear that the two sides discussed issues of common security 'including the need for the Syrian regime to maintain its control over its chemical and biological weapons; the leaders committed to continue planning emergency measures to counter this potential threat.'

In other words, Washington and Tel Aviv are no longer considering 'regime change' in Damascus, and agreed to help the *Syrian Arab Army* maintain control of its chemical and biological weapons in the event of jihadists attacks.

Israel is withdrawing from the conflict. To wit: two days after this turnaround, on the Syrian coast they revealed and dismantled a complex system of Israeli electronic monitoring and communication.

In the final analysis, the United States is looking to militarily disengage itself and its *alter ego* Israel, then encourage their Gulf allies to escalate a military and diplomatic blockade. It is still too early to determine if they are double dealing and setting a trap for Russia at the expense of the Syrian people, or if they are pushing their Gulf allies into an impasse to better impose the solution negotiated with Moscow.



the country in March 2011 and has also sent reports on the *Libyan Uprising to Russia Today* from Tripoli. His books *9/11: The Big Lie* (2002) and *Pentagate* (2006) were published internationally. His columns specializing in international relations and feature in daily newspapers and weekly magazines in Arabic, Spanish and Russian.

**The Cypriot Pawn by Thierry Meyssan**

first published in the *Voltaire Network* on 25 March 2013; Translation: Roger Lagassé; Source : *Al-Watan* (Syrie)

Washington was quick to use the financial crisis in Cyprus to implement a strategy for capturing capital.<sup>26</sup> With the help of the *Managing Director of the International Monetary Fund*, US comprador Christine Lagarde,<sup>27</sup> the American leadership challenged the inviolability of private property in the *European Union* and attempted to confiscate a tenth of bank deposits, supposedly to bail out the *Cypriot National Bank* affected by the Greek crisis.



It goes without saying that the stated purpose is but a pretext and, far from solving the problem, this confiscation, if it were to be implemented, would only make matters worse. Threatened, the remaining capital would flee the island causing the collapse of its economy.

The only real solution would be to cancel the debt, while anticipating revenues from the development of Cypriot gas. It would be all the more logical given that cheap gas would kick-start the *European Union's* economy. But Washington has decided otherwise. Europeans are asked to continue to purchase their energy at high prices in the Middle East, while the cheap gas is made available to fuel the Israeli economy.

To hide the decision-making role played by Washington, this bank hold-up is not presented as a requirement of the *IMF*, but as that of a troika including the *EU* and the *ECB*.

In this perspective, confiscation would replace devaluation, rendered impossible due to Cyprus' *Euro Zone* membership. Except that the devaluation would not be a policy of Nicosia, but a diktat from the head of the *ECB*, Mario Draghi, the former European director of *Goldman Sachs*...Cyprus' main creditor.

Lagarde, former legal adviser to the US military-industrial complex, does not seek to harm Cyprus, but to panic European-based capital and direct it to *Wall Street* so that it may revive US finances. Why pick on this island? Because it is one of the few tax havens remaining within the *European Union* and because the deposits there are mainly Russian.

<sup>26</sup> Described in *The NATO economy, solution to the crisis in the United States* by Thierry Meyssan on March 3, 2013.

<sup>27</sup> Thierry Meyssan uses the word to mean a 'go-between' working on behalf of others. *Comprador* is a Portuguese word that means buyer, and derives from the Latin *comparare*, which means 'to procure'. The original usage of the word in East Asia meant a native servant in European households in Guangzhou in southern China or the neighboring Portuguese colony at Macao who went to market to barter their employers' wares. The term then evolved to mean the native contract suppliers who worked for foreign companies in East Asia or the native managers of firms in East Asia. *Compradors* held important positions in southern China buying and selling tea, silk, cotton and yarn for foreign corporations and working in foreign-owned banks. Robert Hotung, a late nineteenth century *compradore* of the British owned trading conglomerate *Jardine, Matheson & Co.* was believed to be the richest man in Hong Kong by the age of 35. Notable *compradors* during the Republican Period in 20th century China included Zhang Jiaao of Shanghai and Tong King-sing of Guangdong. In this context, Thierry Meyssan uses the word to mean a go-between working on behalf of others.



Why do it now? Because the Cypriots made the mistake of electing US comprador Nikos Anastasiades for their new president. Thus they followed in the footsteps of the Greeks who, victims of the same American mirage, had elected as Prime Minister the American comprador, Georgios Papandreou.

This little cook-up, however, went wrong. The *Cypriot Parliament* voted unanimously against the confiscatory taxation of bank deposits. There is an apparent paradox there. The *Liberal Government* wants to nationalize one-tenth of capital while the *Communist Parliament* defends private property. That is because this nationalization would not profit the national community, but rather international finance.

And so friendly advice has been replaced by threats. There is talk of excluding Cyprus from the *Eurozone* if the people's representatives persist in their refusal. However, this is hardly possible. The treaties were designed so that the *Eurozone* is a one-way journey. It is not possible to leave on one's own, or to be excluded, unless you leave the *European Union*.

Moreover, this option, which had not been foreseen by the racketeers, is feared by Washington. If the island left the *Union*, it would be bought again for ten billion by Moscow. It would be the worst example: a state area of western influence joining the Russian sphere of influence, in every way contrary to what we have seen since the fall of the USSR. It would surely be followed by the other Balkan states, starting with Greece.

For Washington, this doomsday scenario must be avoided at all costs. A few months ago, it was enough for the *State Department* to raise an eyebrow for Athens to renounce the selling of its energy sector to Moscow. This time, all means, even the most anti-democratic, will be used against Cypriots if they resist.

Russia feigns disinterest. Vladimir Putin has ignored advantageous investment offers that have been made by the Anastasiades government. This is because he does not intend to save the Russian oligarchs who had stashed their money on the island, nor the *European Union* who had helped them to organize their tax evasion.

Behind the scenes, he has negotiated a secret agreement with Angela Merkel which should allow a financial solution to the crisis, but which should also lead to a broad challenge to European rules.<sup>28</sup>

### **The Crisis in Syria - an interview with Thierry Meyssan**

*first published in the Tehran Times as an article by Kourosch Ziabari 'Al-Qaeda-NATO nexus destabilizing Syria'.*

*What do you think about the Syrian crisis?*

The war against Syria was decided by George W. Bush in a meeting at Camp David on September 15, 2001 only a few days after the attacks on *World Trade Center* and *Pentagon*. At that time, they prepared a list of the countries they would be attacking, and now it's Syria's turn.

During the past 11 years, the US has been trying to start a war with Syria, and you remember that they had accused President Bashar al-Assad of being responsible for the killing of former Lebanese *Prime Minister* Rafiq Hariri.

This war against Syria began in February 2011, at the same time as the war against Libya, and many people are confused, because quite at the same moment, we have the revolutionary events in Tunisia, and some may think that the revolution in Tunisia is equal to the imperialist wars in Libya and Syria.

Of course, when the US sent some troops to Syria to wage a war, it didn't send men in uniform; they used secret agents to make trouble inside Syria and justify an international military action.

Because Russia and China vetoed their draft resolutions at the *UN*, they weren't able to enter Syria with the assistance of *NATO*, as they did in Libya. So they chose *Plan B*, and this plan was to send mercenaries with the financial aid of Qatar and Saudi Arabia, and destabilize the country and to provoke a military *coup d'état* inside Syria, and Hillary Clinton repeatedly talked about such a coup in Syria. But as this plan failed, we saw two big operations; one being on July 18 when they bombed the residence of the main leader of the *National Security Council of Syria*, and also the



<sup>28</sup> Thierry Meyssan added as a postscript to this article: 'Incidentally, the *Tsar* has gleaned astonishing information about the amazing Russian investments in the island during the Medvedev era; information that could be used as a supplementary means to pressure the fickle Russian Prime Minister.'

September 26 plan when they tried, but failed, to kill the chairman of the *Joint Chief of Staff*. A great resistance by the army hindered their plans for a military coup. So, they don't have any other solution, and probably they will accept the Russian peace plan.

*What is the main difference between the popular uprisings in Middle East nations like Tunisia and Egypt and the violence which has encompassed Syria? Some say that what's happening in Syria is a freedom movement against tyranny. Is that so?*

In Tunisia, it was a real, popular revolution. All the people took to the streets to protest against the government, and Ben Ali had to go. In Syria, there was never a big demonstration against the government and I know that. The European media constantly talked about a popular revolution, 500,000 people demonstrating here, 1 million demonstrating there; but it never occurred. I have witnessed all the events and can testify. When I was in Homs, *Agence France Presse* reported that 500,000 people took to the streets for demonstration, but it was not true.

So, there's no popular uprising here. There's just mercenaries coming from outside, with the support of some people inside. These people follow the orders and motto of the armed groups. The spiritual leader of the *Free Syrian Army* is a Sheikh named Adnan Aeraour who has his own television station from Saudi Arabia and his motto is "All the Christians to Beirut, all the *Alawites* to death." So this is a sectarian conflict being fuelled by the *Free Syrian Army*, and not a democratic movement. Nobody in this army wants democracy. They use a flag with three stars which is a French insignia. So of course this is totally different from what has happened in Tunisia, or Bahrain.



*Some critics of President Assad have said that the government has been killing unarmed civilians and opening fire on its own citizens since the beginning of unrest in the country. Is this true?*

This is absolutely wrong. During the first days of the unrest in Syria, President Assad gave the instruction to the army not to use firearms when they think they could harm the civilians and I have definitely carried out some research and conducted several interviews with different military officials in different places of the country and all of them can testify that during the first period of the unrest, the army never used firearms against civilians; never. Because of that, during this period, the army has suffered many losses and the number of army people killed was far greater than the number of army people killed during the war with Israel. So, that belief is absolutely wrong.

However, things changed a little bit after the July 18 bombing of Damascus. After that, President Bashar al-Assad gave the order to the army to kill the terrorists, and the army now has the mission to kill the rebels, instead of imprisoning them. So of course now, the action is much more deadly and some civilians will naturally be killed during the fights. There's no other choice. Another point is that the strength of the national army is about 400,000 soldiers and of course there may be some war criminals inside the army; it's possible. They have to be arrested, prosecuted, condemned and put in jail. But the president has not so far given such an order, although some war criminals of the army have been arrested, but it's difficult in this situation to make the whole thing clear.



*What do you think about the possible involvement of Al-Qaeda in the unrest in Syria? You have published some articles on this on your website. Would you please give us more details?*

There is lots of evidence and witnesses showing that the members of *Al-Qaeda* have been here since the beginning of the events, especially, I think, since December when Ayman al- Zawahiri himself called on all the *Jihadists* from the whole Muslim world to come to Syria. At the beginning, they were only the members of *Al-Qaeda* in Libya and of the commandment of Abdelhakim Belhadj who was the former number 3 of the *Al-Qaeda* and is now officially working with *NATO* and is the top military commander in Tripoli, Libya. He came to Syria with his troops and they organized troops from Libya and Turkey. At the beginning, people from *Al-Qaeda* committed horrible crimes like they did in Libya and Iraq and now they are carrying out suicide attacks. According to the *Council on Foreign Relations*, that is, according to the US itself, *Al-Qaeda* is now a main part of the *Free Syrian Army*.

*Do you think that the pressures which are being exerted on Syria and the operations which the insurgents are carrying out on Syrian soil with the sponsorship of NATO are aimed at laying the groundwork for launching a military strike on Iran? Are they trying to weaken Syria and then realize their ambition for attacking Iran?*

Yes, in the plan which George W. Bush presented in 2001, it was said that they have to destroy different countries, and at the end, attack Iran, and of course destroying Syria is destroying the main defence line for Iran. But it's clear that as they are failing in Syria, they will not attack Iran.

*What do you think about the assassination in Damascus of Press TV correspondent Maya Nasser and the attacks being unleashed on other journalists working in the crisis-hit Syria?*

Maya Nasser was really a great journalist and I remember having some conversations with him about his ideals and his fate, and of course he was one of the big journalists reporting the situation in Syria.

During the battle of Damascus in mid-July, *NATO* sent a special team to attack the Al-Alam TV studio and tried to kill Maya and all the team at that time.

After that, they posted online a list of people they wanted to target and kill, and Maya Nasser was on their list. He was killed on September 26 when he was reporting about the attack on the *Ministry of Defense* and normally the attackers thought that they can assault on the *Ministry of Defense* after killing the joint chief of staff and then take over the national TV on the other side of the Umayyad Square.

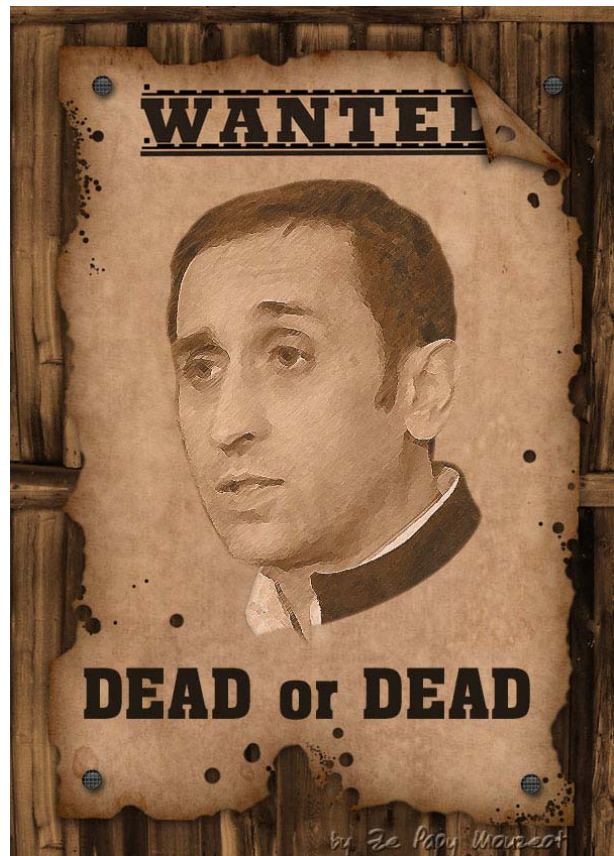
So the second team was held back waiting to attack the national TV, and they were the ones who killed Maya Nasser by shooting him in the back.

*In what ways do the Western governments, including the US and France benefit from the unrest in Syria? Why have they mobilized to stoke up the violence?*

There are many different reasons. Each member of the coalition has its own reasons. The United States military wants to continue re-shaping the Middle East. Qatar wants to be present in Syria to exploit its gas, because there are huge reserves of gas in the southern Mediterranean Sea and Syria, and if Syria exploits this gas, it will be one of the main exporters in the world, after Russia, Iran and Qatar, so they want to prevent that from happening. Israelis actually want to break the axis of resistance. The French think that they can re-colonize Syria as they did between the two World Wars. Each coalition member has its own agenda..

*What do you think about the Kofi Annan mission? Was it successful? You wrote that he had predicted the overthrow of the government of President Assad. Since it didn't happen, he resigned. Is this true?*

Yes, actually Kofi Annan was the architect of the *Geneva Agreement*. You remember the Russians had tried to organize a big peace conference in Moscow, but the US stalled that, because they didn't want to have talks with Iran. So Kofi Annan organized another meeting in Geneva without Iran and without Saudi Arabia. At the end of this meeting, they had an agreement, and decided to present a peace plan. But some people in the United States



disagreed with this peace plan and wanted to kill and sabotage it. They published in different newspapers such as the *New York Times* and European papers information about the secret involvement of the US and *NATO* in the war against Syria. You remember that some US media outlets revealed that President Obama had signed a presidential order for a secret war inside Syria. So Kofi Annan was forced to resign as it was not possible to implement the peace plan anymore. But I think this will change very soon, because there's no other solution for the US other than accepting the *Geneva Peace Plan*. Of course this plan is not perfect, but it is the only way to end the crisis.

*Do you have any information about the sources of funding for the Free Syrian Army?*

There are lots of countries supporting the armed groups, but the funding is coming mainly from Qatar. Actually Qatar has provided the armed groups with such a huge amount of money that it has become indebted and it is seeking help from the international markets. Israel does not provide direct financial assistance, but is in charge of procuring weapons. There was some interception of communication by the Syrian army showing that the Israelis are in charge of the weapon trade, so all the weapons coming from Lebanon and Turkey are provided by Israel.

*What do you think about the role of the UN in ending the crisis in Syria?*

We have videos showing that some *UN* observers use their official cars to carry the military leaders of the *Free Syrian Army*. This is a violation of international law. Some *UN Observers* have been supporting and helping the armed groups. The *Security Council* is also facing problems as there is opposition between *NATO* on one side and Russia and China on the other. So no solutions will come from the *United Nations*. The *UN* is a party to the fight.

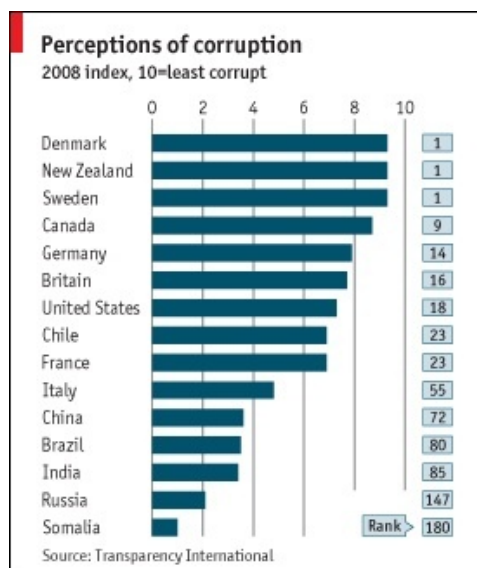
*And finally, what's your perspective on the role of Iran in resolving the crisis in Syria? Iran, Qatar, Egypt and Saudi Arabia have established a contact group to deal with the Syrian problem. Can these countries help Iran in finding a solution to the crisis?*

Iran is the main regional player and the resistance of Syria was only possible with the technical support of Iran, on the economic and military level. Syria could not have resisted such pressures for such a long time without Iran's help. The Saudis are now the main culprits of the sectarian division inside Syria. They are using television channels to spread hate messages against the non-Sunnis in the country. As for Turkey, they hoped to extend their influence in Eurasia, but now a disaster has happened to them, because with the economic crisis in Europe, Turkey exports have decreased by 25% and also they are facing problems with their minorities, including the Arabs and the Kurds. So, if Turkey continues its involvement in Syria, they will have a civil war inside their borders.

### **Why Moscow Is Playing the Long Game on the Island of Aphrodite by Yuri M. Zhukov**

*first published on March 29, 2013*

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On March 19, Michalis Sarris, *Cyprus' Finance Minister*, flew to Moscow for emergency talks aimed at saving the island's banking sector from collapse. In exchange for a loan extension and a new loan, Russia was offered trade preferences in the energy sector, gas exploration rights, and a controlling share in Cypriot banks. Two days later, he left Moscow empty-handed. Up against a wall, on March 25, Cyprus and the *EU* agreed on a bailout package that will help pay the country's bills but will also deduct billions of euros from the savings accounts of wealthy Russians and leave billions more of Russian assets frozen in Cypriot banks.

To many Western observers, Moscow's unwillingness to take Sarris' initial offer appears to be a huge strategic blunder. It seems inexplicable that Cyprus' most heavily invested economic partner ...and the largest source of foreign deposits in the island's banks... would refuse a deal on such apparently favourable terms. All the more confusing is Moscow's apparent decision to forego a chance to solidify its strategic foothold, given Russia's geopolitical ambitions in the eastern Mediterranean.

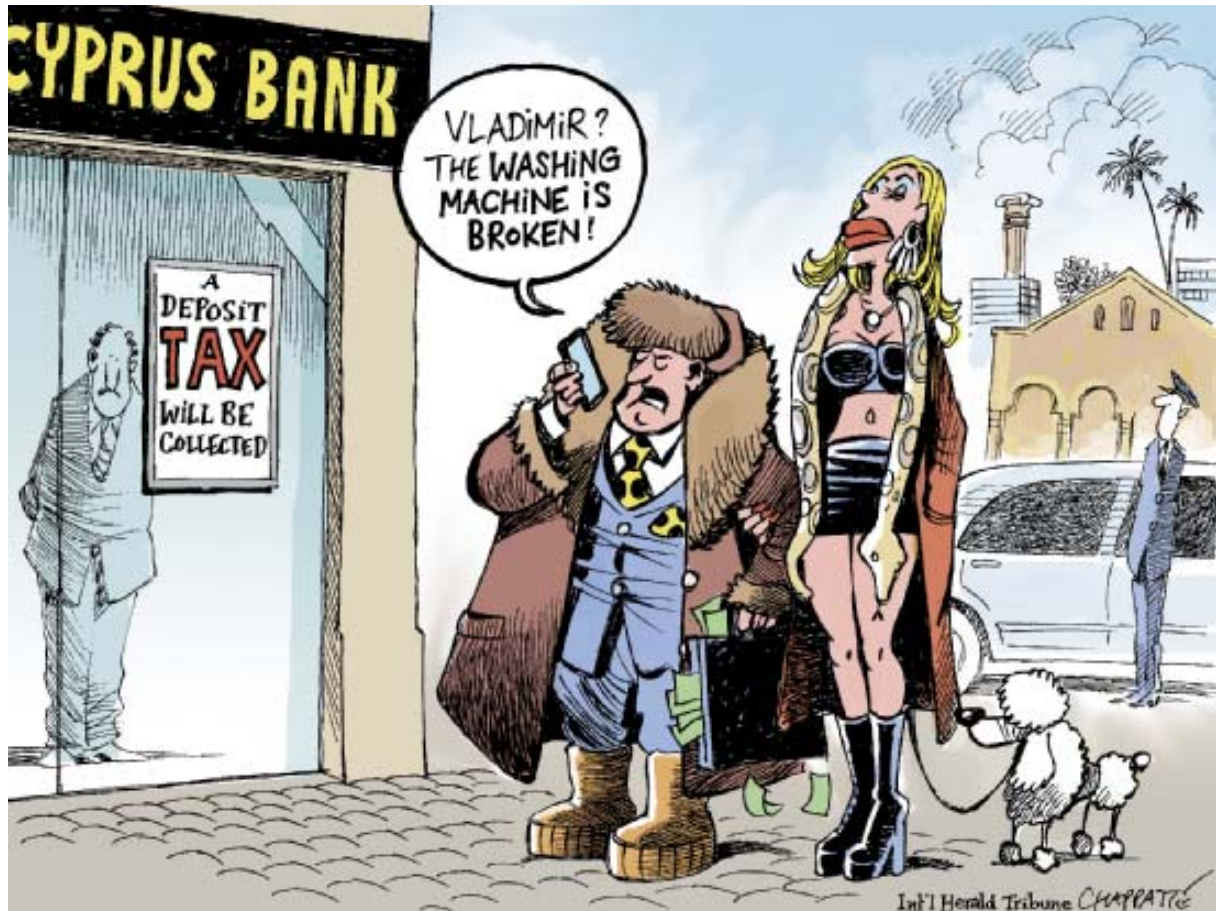
There are three likely explanations for Russia's behaviour. First, it is not clear that there was ever a credible deal on the table. Second, Russia did not believe that a last-minute agreement could change

Cyprus' fate. And third, Russian losses from the collapse of the Cypriot banking sector will not be catastrophic. Put simply, Moscow's decision to turn down a deal with Nicosia was in Russia's long-term interests.



Cyprus' current troubles were triggered by the *Eurozone* debt crisis. The island's banks accumulated a host of toxic assets from their Greek branches and lost much of their capital during the restructuring of Greek debt. As a result, total bank liabilities are five times larger than the nation's GDP...a ratio almost four times the *EU* average. Without an independent monetary policy or the financial means to pay down the deficit and save the banks, Nicosia requested a 17.5 billion euro bailout from Brussels earlier this month.

Wary of rescuing the island's banking sector, the troika of *Eurozone* bailout creditors...the *European Commission*, the *International Monetary Fund*, and the *European Central Bank*...insisted that Cyprus raise 5.8 billion euros before it could qualify for their proposed 10 billion euro bailout. On March 16, Cypriot officials unveiled a controversial plan to raise these funds through a one-time tax of 6.75 to 10 percent on all savings accounts. After a wave of popular protests and the Cypriot parliament's rejection of the plan, the *ECB* threatened to cut off all emergency financial support by March 25. This was when Cypriot officials turned to Moscow in desperation.



It is unclear what Cyprus asked for and offered Russia. Sources close to the talks told the Russian press that Sarris came to Moscow without any firm numbers on the size of a potential aid package nor any concrete proposals that could serve as a baseline for negotiations. The rushed talks didn't help either: any potential deal between Cyprus and Russia would have required weeks of negotiations, rather than the few days before the *ECB*'s ultimatum expired.

In addition, the *Eurozone* troika sent clear signals that it did not want Russia to be the saviour of an *EU* member state, and German Chancellor Angela Merkel explicitly warned Cyprus against securing a side deal. As a result, even if a bilateral agreement could be made, Moscow had reasons to doubt Nicosia's ability to honour it. Given these challenges, a bargain would have been exceedingly difficult to strike.

Based on press reports, it seems that the proposed deal offered little benefit to Russia. Nicosia requested a five-year extension of a 2011 Russian loan of € 2.5 billion and an additional € 5 billion of support, in the form of a private investment fund in gas and banking assets.

But Russia's two largest lenders...*Sberbank* and *VTB Group*...had little interest in acquiring banks that were likely to be restructured as part of a *Eurozone* bailout. The Russian gas and oil giants, *Gazprom* and *Rosneft*, meanwhile, were reluctant to negotiate investment in off-shore tenders before seismic survey work could be completed. An offer of trade preferences for Russian companies in Cyprus' energy sector was not enough to sweeten the deal.

There is an emerging consensus in Russia that Cyprus' days as an off-shore tax haven are over. Changes have been on the horizon for some time. Early warning signs appeared in 2010, when Nicosia requested its first € 2.5 billion loan from Moscow.

The total assets of Cyprus' domestic credit institutions have declined from a peak of € 100 billion in 2010 to € 83 billion in 2012...a difference equivalent to Cyprus' total GDP. Russians are also aware that the coming EU bailout of Cyprus will fundamentally alter the *status quo*. The EU has clearly signalled its intent to shrink Cyprus' oversized banking sector and to end the island's status as an offshore financial centre for rich Russians.



Facing a stark choice between losing a lucrative tax haven and throwing more money into a bottomless pit, Russia picked the strategy that it hopes will minimize its potential losses. Russian assets in Cypriot banks total approximately € 10 billion and the most recent projections of Russian losses are € 4-6 billion. That is troublesome, but minor compared to the other problems Russia is facing right now: the flight of capital cost the economy € 44 billion in 2012 and € 63 billion in 2011.

To be sure, Cyprus is part of the financial infrastructure routinely used by Russian companies and the bailout will change how they do business. Yet many see this adjustment as inevitable and overdue. The current reliance on Cyprus originated in the early 1990s, when Russia's financial system was in disarray, payment in foreign currency was nearly impossible, and the ruble was inflated. Seeking financial security, many Russians opened off-shore accounts. Russia's financial system has since stabilized, but the use of off-shore accounts has stubbornly persisted.

In December 2012, President Vladimir Putin declared 'de-offshorization' as a central policy priority. In keeping with this, Prime Minister Dmitry Medvedev proposed 'domestic off-shore' zones in the Far East regions of Russia. This is not a new idea: Russia already has over twenty *Special Economic Zones*, which offer tax benefits on investment and business income. So far, however, most of these zones have had trouble attracting investment. Low taxes do not compensate for Russia's lack of adequate property rights protections, independent judicial branch, or stable business climate...the core reasons why so many Russians open off-shore accounts in the first place.

The EU's growing opposition to Russian investment has created an opportunity to lure capital back into Russia. The president of the *Euro Group*, Jeroen Dijsselbloem, has suggested that Cyprus may serve as a model for future EU-led Eastern European bailouts. ECB officials have warned Latvian banks not to accept outflows of Russian capital from Cyprus. Thus, Russian investors are finding it increasingly difficult and risky to park their money in the West.

Still, all this does not mean that Russia's days in Cyprus are over. The dismantling of Cyprus' banking sector and the subsequent decline in foreign investment and tourism are bound to push the country into a deep and protracted recession. Newly discovered gas bounties offer a possible path to recovery. But maritime borders and exploration rights remain a major point of contention.

As Cyprus braces for hard times, its growing demand for external political support and technical expertise will compel it to rebuild ties with its former patron, whose wealthiest citizens may now become the 'big, angry shareholders' in Cyprus' future. Sweetheart deals on energy and even naval basing rights are possible. In the end, Russia's exodus from the *Island of Aphrodite* may prove brief.



**China will force peaceful solution to Syrian crisis on West: by Christof Lehman**<sup>29</sup>

interviewed by Kourosh Ziabari<sup>30</sup> was first published in the *Tehran Times* on 21st November 2012.

*You have followed developments in China, the Communist Party Congress, and recent political developments in Turkey. What do you expect to happen in Syria?*

The 18th National Congress of the Communist Party of China has embraced a new, highly motivated generation of politicians on all levels of China's central and regional governments. Political, social and economic reforms will continue but with more prudence and China will work toward a wealth distribution that will bring moderate prosperity also to the not so developed regions. A more self-confident China is likely to use the Chinese soft power strategy to assert its policy, also with respect to Syria.



China will back Russia at playing a more confident, assertive and responsible role in the Middle East and Syria by supporting Russian initiatives for the deployment of Russian, Armenian and other UN peace keeping forces to Syria in the first or second quarter of 2013. Russian Foreign Minister Sergei Lavrov is urging the Syrian opposition to abandon its precondition that President Bashar al-Assad step down before any talks can be held on ending the conflict.

China will also give the US, the UK, Germany, France, and other important European governments, economic incentives to find a peaceful resolution to the crisis. One could compare it with a soft power carrot and stick strategy where the policy of Turkey ultimately is dependent on decisions made in Europe and the USA. A peaceful resolution to the crisis is possible as long as the root causes are being addressed and as long as Russia and China maintain a responsible role with regard to preventing further abuse of international law of the kind we have witnessed when NATO overstepped the provisions of *UNSC Resolution 1973 (2011)* on Libya.

*What is meant by the Soft Veto used by China at the UN?*

The approach Russia and China have adopted is to use *International Law* as a basis for preventing and resolving disputes and conflicts. According to the *Charter of the United Nations*, the adoption of a resolution of the *Security Council* requires the concurrent vote of all permanent members. However, since *UNSC Resolution 4 (1946)* on Spain, common practice is that an abstention does not prevent the implementation of a resolution even though it has not been formally adopted by a concurrent vote of all permanent *Security Council* members. This practice was considered a soft veto...that nations not adopting a resolution do not prevent others from implementing it, provided that the authorizations granted by the text of the resolution were not significantly overstepped or violated.

*What is China's attitude to NATO's abuse of the soft veto?*

When NATO abused the *UNSC Resolution 1973 (2011)* and became a belligerent party for regime change in Libya, Russia and China feared the same strategy would be attempted to bring about regime change in Syria. When, prior to NATO's 25th Summit in Chicago in 2012, the two highest ranking NATO commanders wrote that NATO's intervention in Libya was 'a teachable moment and model for future interventions' it became clear to Russia and China that they could not risk NATO abusing a soft veto to initiate an aggression against Syria.

*Where does China stand on national sovereignty?*

Both Russia and China oppose NATO's condescending and neo-colonialist approach to national sovereignty. According to the provisions of the *Treaty of Westphalia* and the *Charter of the United Nations*, interference in the internal affairs of sovereign nations is not permitted. However, constructs such as *Humanitarian Intervention* and a *Responsibility to Protect* violate both the provisions of the *Treaty of Westphalia* and the *UN Charter*. Their adoption was and remains highly controversial and both Russia and China are realizing that NATO will continue to abuse them unless they are opposed at the *Security Council*.

<sup>29</sup> Christof Lehmann (born in 1958 in West Germany) was advisor for *Research in Psycho-traumatology* to Yassir Arafat and survivor of the Sabra Shatila Massacre in 1982. He has a degree in *Clinical Psychology* (1986), was advisor to Joshua Nkomo on the *Impact of Torture and Psychological Trauma on Conflict Solution and Reconciliation in Zimbabwe's Politics* (1986-1990) and advisor to Nelson Mandela on *Social Politics, Public Mental Health and the Effect of Psychological Trauma on Peace and Reconciliation* (1994-1997). Dr. Lehmann is a practicing *Clinical Psychologist* and has been actively advocating *Palestinians Right to Statehood and Self Determination*. On Syria Lehmann argues that there is a convergence of positions between Moscow and Beijing and expects China to support the deployment in early 2013 of a UN peacekeeping force.

<sup>30</sup> Kourosh Ziabari (born 1990) is an award-winning Iranian journalist, peace activist and media correspondent. He has received the *Superior Iranian Youth Award* from Iranian President Mahmoud Ahmadinejad. He has also won Iran's 18th Press Festival first award in the *Political Articles* category. Kourosh is a member of *World Student Community for Sustainable Development* and a member of the *European Association for Teaching of Academic Writing*. He is a regular contributor to *Tehran Times*, *Global Research*, *Iran Review* and *Counter Currents*.

A very good example for Western neo-colonialist thought is Henry Kissinger who contemplates whether most Arab countries could at all be protected by the *Principles of Westphalia*. Kissinger speculates that because their borders have been arbitrarily drawn by former colonial powers they are not real *Nation States* and thus they may not fall under the *Treaty of Westphalia*. Kissinger however, fails to be consequent in his thinking. Were he consequent, he should have said 'most Arab nations and Israel'.

*Will the US, EU, Turkey, Qatar and Saudi Arabia accept that President Assad should remain in power and that this is an appropriate solution for ending the 19-month long crisis in the Arab country?*

Since the failure of the *Free Syrian Army* to secure Aleppo as the seat for a transitional government in June and July 2012, the political and the military foreign-backed opposition have fallen apart. An attempt to compensate militarily by massively importing Wahabi and Salafi organizations and fighters, many of them with ties to *Al-Qaeda*, has made it more difficult to unite a politically or militarily credible foreign-backed opposition. The recent meeting in Doha and the establishment of a new political opposition is little more than a recycling of a failed strategy.



The failed attempt to build a credible and presentable foreign-backed opposition means we are likely to see increased pressure from China and Russia to begin negotiating and cooperating with the genuine political parties and organizations inside Syria, including the *Baath Party* and President Assad. The US, the UK, Germany, and eventually also France, will then have to get involved in *Realpolitik* and begin working at resolving the crisis rather than aggravating it.

If the US and *NATO* accept a peaceful resolution, the Persian Gulf states will have to go along. In the end the real problem is that the absence of convergence in the energy and security needs of two cartels. A resolution to which Europe can agree will most likely also satisfy the needs of the Persian Gulf states.

*Why has Turkey been siding with the US, France and Britain in pressuring the government of President Assad and supporting the Free Syrian Army?*

Turkey has been siding with the US because it was pressured into it. That is, the *AKP* and Prime Minister Recep Tayyip Erdogan were more than willing to cooperate, but their cooperation was not possible before they succeeded in arresting and imprisoning more than 29 high ranking military officers and countless members of the opposition.

What we witness in Turkey is a *de facto coup d'état* supported by the US and *NATO*. The comparison with *Ottoman Ambitions* may reflect the delusions of grandeur of Prime Minister Erdogan but is not *Realpolitik*. What we witness in Turkey is an attempt to implement the American *Greater Middle East Project* which was developed by the *RAND Corporation* in 1996. That is, the planned balkanization of Turkey into small states along ethnic and religious divisions. That is hardly a basis for a new *Ottoman Empire*.

*In one of your articles, you pointed out that the massive rallies in different cities of Turkey on October 29, the national day of independence in the country, angered the government of Erdogan since thousands of people protested at the government's attempts to join the US - NATO illegal war on Syria. Would you please explain more about that? Is the Turkish public against the government's position on Syria?*

On 29 October 1924, the *Turkish Revolution* was victorious over *Imperialism* and its proxies. Since then the day was the most important of all Turkish holidays with millions of people celebrating it in the streets every year. The *AKP Government* of Erdogan outlawed the celebrations, erected police barricades and banned demonstrations. However, millions turned out and removed the barricades. This year the 29th of October turned into a *New Revolution* against the *New Imperialism* and its proxy, Prime Minister Erdogan. The *AKP* has made a historic mistake by attempting to rewrite Turkey's history. After this massive humiliation the *AKP* is unlikely to win another election any time soon.

*What is the role of Salafists in the escalation of the conflict in Syria? How have they entered Syria from Saudi Arabia in such great numbers?*

Syria experienced a massive influx of *Salafist* militants after the *Free Syrian Army* was decisively defeated in Aleppo in June and July 2012. The plan was to emulate the strategy that has been used successfully in Libya, where the seat of the transitional government was the *Al-Qaeda* or *LIFG* stronghold, Benghazi.

The main sponsors of *Salafists* in terms of finances and weapons are Saudi Arabia and to a lesser degree Qatar. Militants are imported from Bangladesh, Afghanistan, Libya, Indonesia and elsewhere.



Saudi Arabia in particular maintains a world-wide network of *Salafist* organizations, many with ties to the *Al-Qaeda* network like the *HuJI* (Harkat-ul-Jihad al-Islami) in Bangladesh. These organizations are often funded through charities and supervised through liaisons into the *Saudi Ministry of the Interior*.

The *Free Syrian Army* never succeeded in establishing a general command and that was always its weakness.

Since the influx of *Salafists*, there have been calls to establish a *Syrian Caliphate* while small factions are fighting each other. The common denominator is greed, extremism, money and weapons from abroad. It is a self defeating strategy because it causes many *Free Syrian Army* commanders and troops, the non-militant foreign-backed opposition, and the people of Syria to realign themselves with the *Syrian Military*, the *Syrian Government* and the genuine *Reform Movements* in Syria.

*You have written that the war on Syria is a war for natural resources, especially the vast gas reserves of the Persian Gulf and the East Mediterranean. Do you mean to imply that Syria possesses gas reserves which the regional and foreign opponents of the government of President Assad want to take over?*

The principle cause of the Syrian crisis is a lack of convergence in the energy and security needs of two cartels. In 2007 major resources of natural gas were discovered in the Persian Gulf between Qatar and Iran and in the Eastern Mediterranean, in the so-called *Levantine Basin*. These reserves can cover the consumption of natural gas in the *EU* and the Middle East for the next 100-120 years.

There are two proposed pipeline projects or cartels: (a) Iran, Iraq, Syria, Russia, and to a lesser degree Lebanon and Palestine; (b) Qatar, the *EU*, Israel, Turkey, Greece, and to a lesser degree the US. At present Russia provides approximately 22 % of the natural gas that is consumed by the *EU*. This percentage will increase when the *North Sea Pipeline* from Russia to Germany goes online.

Because of the US push for dominance over Russia and China, the prospect that Russia will also control the gas supplies from the Middle East and the Mediterranean raises grave security concerns in Europe. That is the principal cause of the conflict. However, a solution can be brokered if Russia and the *EU* increase their interdependency in economic and political terms.

*How does Israel benefit from conflict and unrest in Syria? Would Israel be more comfortable confronting Iran and even launching a military strike if Syria were weakened and the government of President Assad overthrown?*

Syria is the sole Arab nation which has consequently and consistently supported the *Palestinian Cause*. To weaken Syria would be beneficial for Israel in terms of the Palestinian issue and in terms of weakening Syria militarily and politically. Israel has plans to permanently annex the occupied Syrian Golan Heights, parts of Southern Lebanon, East Jerusalem and the greater part of the West Bank. Syria is the main obstacle preventing this. Israel's solution for the Palestinian problem would be to establish a *Hamas* controlled Palestinian micro-state in the Gaza Strip and to recognize that state. A weakened Syria and *Hezbollah* or Lebanon will make it more feasible for Israel and the US to attack Iran and dominate the oil and gas resources of the entire region

#### **Nato & Yugoslavia: the model for US wars of conquest by Živadin Jovanovic**

*based on an interview with Živadin Jovanovic <sup>31</sup> the Former Minister of Foreign Affairs of Yugoslavia.*

*You have mentioned promotion of peace to be one of your key objectives, yet the peoples of your region have been victims of wars in the last decade of the 20th century?*

The peoples of Yugoslavia have suffered immensely, first, from the civil wars in Bosnia and Croatia (1992-1995), then from the military aggression of *NATO* (1999) and from sanctions and isolation. A great many of them continue to suffer today. A number of foreign, mainly US, bases remain...*Bondsteel* in Kosovo and *Metohija* being the largest in Europe. <sup>32</sup> For what? To benefit whom? Bosnia 18 years after the *Dayton Accords* <sup>33</sup> is not functional; the former Yugoslav Republic of Macedonia is not functional and is faced with profound ethnic divisions and tensions.

<sup>31</sup> Živadin Jovanovic graduated from the *Faculty of Law* at the *University of Belgrade* (1961); *District Administration of New Belgrade* (1961-1964); in the diplomatic service of the *Republic of Yugoslavia* SFRY/Federal Republic of Yugoslavia FRY (1964-2000); Ambassador in Luanda, Angola (1988-1993); Assistant Minister of Foreign Affairs (1995-1998); Minister of Foreign Affairs (1998-2000). Vice Chairman of the *Socialist Party of Serbia for Foreign Affairs* (1996-2002); Member of Parliament to the *Parliament of Serbia* (1996); and to the *Federal Parliament of Yugoslavia* (2000). Jovanovic is the author of: *The Bridges* (2002), *Abolishing the State* (2003) and *The Kosovo Mirror* (2006).

<sup>32</sup> 'The war against Yugoslavia was waged in order to correct the mistake of General Eisenhower made during the Second World War. For strategic reasons it was necessary to station American soldiers there afterwards'. Willy Wimmer, letter to Chancellor Gerhard Schroeder, dated May 2nd, 2000, *Aktualna pitanja spoljne politike* (Current issues of foreign policy, *Belgrade Forum for a World of Equals*, Belgrade, 2007, p. 76-77).

<sup>33</sup> The *Dayton Accords* established two entities: Federation of Bosnia and Herzegovina (Muslims and Croats) and Republic of Srpska...placing all essential constitutional rights and responsibilities in their hands. The *UN Security Council* 'decides that all the states...shall prevent armament and training for terrorist activities in this area' (Kosovo and Metohija), *UN Security Council*

Fourteen years after *UN Security Council Resolution 1244*, the status of Kosovo and Metohija remains unresolved. Tirana's Sali Berisha and Prishtina's Hashim Thaci advocate a Greater Albania. And there are other burning problems...unemployment ranging from 30-70 per cent, poverty, hundreds of thousands of refugees and displaced persons, international organized crime...including trafficking of human organs, drugs, arms and immigrants. The picture of post-Yugoslavia reality is grim and uncertain. So who has really benefited from the fragmentation of Yugoslavia?

*What are your views now, 14 years on, about NATO intervention?*

My views have not changed. This was an illegal, criminal and immoral attack on a sovereign European state.

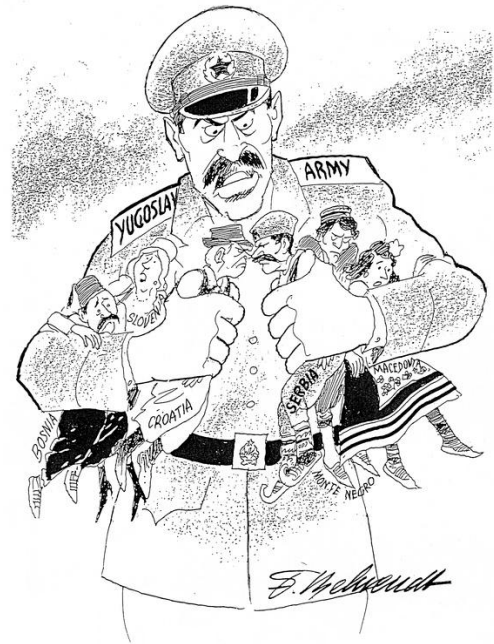
Illegal, because it violated all the basic principles of international law, including the *UN Charter*, the *Helsinki Final Act* and many international conventions. It was undertaken without permission of the *UN Security Council*.

Criminal, because it was directed mainly against civilians, civilian infrastructure, using forbidden armament such as chemical, cassette bombs and missiles with depleted uranium.

Immoral, because it was based on false pretences and on untruths. The leaders of *NATO* are responsible first of all for killing close to 4,000 and for wounding about 10,000 persons, two thirds of whom were civilians. Direct material damages amounted to over 100 billions US dollars. The *NATO* aggression solved nothing, but it has provoked many new problems. It was a *War of Conquest* and not a *Humanitarian Intervention*.

*Can you be more specific?*

I have already mentioned some direct consequences. In a broader sense it should be noted that *NATO* aggression marked a strategic change in its nature: it abandoned the defensive and adopted an offensive (aggressive) policy, authorizing itself to intervene any time at any spot on the globe. The *UN*, especially the *UN Security Council*, had been disabled; international law and justice disregarded. This was a long prepared first war on Europe's soil after the *Second World War*. It was a demonstration of US domination.



*Do you suggest that foreign factors are responsible for the break-up of Yugoslavia, and not local ones?*

Local factors cannot be dismissed; they do bear responsibility for an inability to compromise. But most analyses fail to pay due attention to the negative role of external factors.

We now have enough proofs that certain European powers already in 1976 and 1977 had plans on how to 'rearrange' the territory of Yugoslavia...in other words, how to divide, or fragment it in order to suit their own interests.

After Tito's death, nationalism and separatism in various Yugoslav republics, as well as separatism and terrorism in the Serbian Province of Kosovo and Metohija, were encouraged, even assisted politically, financially, logistically and propaganda-wise.

Later on certain mighty countries involved themselves in the civil wars helping one side against the other. Those countries almost openly supported a secession of Slovenia and Croatia, arming Croatia and Bosnia even during the *UN arms embargo*, encouraging and facilitating the incoming of mercenaries, including mujahidin. On the other side Serbia and Montenegro had been under isolation, sanctions and

*Resolution No. 1160* ( March 31st, 1998). Also, the *UN Security Council* 'demands that all states use all the means in accordance with their internal laws and relevant international laws in order to prevent use of funds collected in their territories, in the way which is contrary to the resolution 1160 (1998)', *UN Security Council Resolution 1199*, (September 23rd, 1998).



stigmatization. They had been treated as the only ones responsible for the civil wars. That was not based on facts, nor helpful in extinguishing the fire.

In the place of one state, now there are six, economically unsustainable, puppet states, plus a seventh one in the offing, 18 governments, six armies, six diplomatic services, etc. Foreign debt...in 1990 about € 13.5 billion for Yugoslavia in total...rose in 2012 to about € 200 billion for the six former Yugoslav republics...financially enslaving some of them in the process.

*Who has benefited from this?*

It was a war imposed and directed by a non-European power with the consequence that the war stayed on Europe's soil for a long time. The aggression marked a strategic change in Germany's policy adopted after the Second World War. By taking active part in *NATO's* aggression against Serbia, Germany flouted its own constitution and opened wide the door for combat roles away from its territory, and for militarization.



Today we have more military bases on European soil than at the peak of the *Cold War*. The mushrooming of military bases started after the *NATO* aggression on Serbia.

How do we explain democracy the expanding all over the continent at the same time as military bases proliferate? I have yet to hear a convincing explanation.

Something seems to be wrong. It was the war imposed and directed by a non-European power with the intention of keeping it on Europe's soil for a long time.

*What is the future of Bosnia?*

Bosnia and Herzegovina had existed as one of the six republics of Yugoslavia based on constitutional equality of three peoples each...Muslims, Serbs and Croats ...with a right of veto. It was regarded as 'Little Yugoslavia'.

When the principle of consensus was violated in 1992 by Muslims and Croats declaring for secession and ignoring the Serbs option to stay within Yugoslavia, civil war erupted.

The *Dayton Accords* succeeded because they reaffirmed the principle of equality of the three constituent peoples, the equality of the two entities...the Moslem-Croat Federation and Republica Srpska<sup>34</sup>...and the principle of consensus.<sup>35</sup>

These basic principles were enshrined in the *Constitution* which is an integral part of the *Accords*. The main source of the current crisis is the ambition of the Moslem leaders in Sarajevo to abolish the principle of consensus and to make a unitary state under their domination. In addition, they would like also to change the division of the territory guaranteed by *Dayton Accords* with the Muslim-Croat Federation controlling 51% and Republica Srpska 49% of the whole territory. To make the problem more difficult, the Muslim claims, though contrary to *Dayton* stipulations, continue to enjoy support from some power centres...primarily from Washington and Berlin. Why they want to further weaken the Republica Srpska and strengthen the Moslems, I would rather not comment. These centres even

<sup>34</sup> Republika Srpska the Federation of Bosnia and Herzegovina are the two main political entities of Bosnia and Herzegovina.

<sup>35</sup> 'Force should be above the law. Wherever the law stands on the way, it should be removed', Willy Wimmer: Letter to Chancellor Gerhard Schröder on US *NATO* policy, dated May 2nd, 2000 (Current issues of *Foreign Policy*, p. 77, The *Belgrade Forum for a World of Equals*, Belgrade, 2007).

pressurize Serbia's leaders to discipline the leaders in Banja Luka so that they accept a revision of *Dayton* and the *Constitution* contrary to their interests which are internationally guaranteed.

Serbia as guarantor of the *Dayton Accords*, has no power to impose anything on the leadership of Republica Srpska Nor is it in Serbia's interest to weaken the Republica Srpska thus provoking internal tensions and a renewed spiral of ethnic tensions and clashes in their own neighbourhood. Serbia...being a small, peace loving country, having neither an imperial history nor imperial ambitions...should remain a neutral country...like Switzerland.

Bosnia and Herzegovina should be left alone to find political solutions suited to the interests of three equal constituent peoples and two equal entities. The *Dayton Accords* are not perfect but there could hardly be a better compromise. Brussels claims that centralizing power in Sarajevo would improve administrative efficiency but the authors of this view disregard the fact that it is the principle of consensus and decentralization which led to the re-establishment of peace, the maintenance of integrity, and the provision of the sense of freedom and democracy.

Throughout history Serbia and the Serbian nation have always been part and parcel of Europe, its culture, progress and civilization; this is the same today and will stay so in the future. Nations have deep roots and faces that do not change overnight. In my opinion it would be useful if any prejudicing and one-sided views characteristic of the public approaches to Serbia and Serbs in the recent past would be replaced by more balanced and non-biased views.

After 17 years of being law-making, prosecution & judiciary at the same time, the *Office of the High Representative* has become an anachronism and should be disbanded. Bosnia and Herzegovina is the only member of the *UN* (even a member of the *Security Council*), the *OSCE* and other organizations, where a *High Representative* enacts laws, removes presidents, prime ministers and ministers.

Serbia, being a small, peace loving country, having neither an imperial history nor imperial ambitions should remain a neutral country, something like Switzerland. Concerning human rights, we stand for the concept of the *UN Universal Declaration of Human Rights* (1948) which demands respect of all human rights including the one to co-operate.

*Some say that Serbia is a thorn in the conscience of the Western world. What is your opinion on this?*

What I can say is that the leaders and politicians of certain European countries have been far from neutral, constructive or moral during the Yugoslav and Kosovo crisis. Some of them actively advocated and participated in the *NATO* aggression which left serious long term problems for the whole of Europe. Together with leaders of the USA, they at least knew about financing, training and arming Albanian terrorists and separatists in Kosovo and Metohija from their states. *UN Security Council* documents confirm this. I may not be quite objective, but I am certainly sincere.

In my opinion, there is little to be proud of in Europe's role toward Serbia and Serbs in the last 20 years. I have been surprised by the measure of distortions, double standards and immoral statements practiced by certain politicians who represent European values and civilization. And it would not be worth talking about it today, if the lessons had been drawn from the past.

Unfortunately, new politicians from these same countries continue with the same policies and the same dishonest methods toward Serbia. Governments of leading western countries initiated an outrageous anti-Serbian propaganda campaign based on prejudices, dishonest fabrications and outright lies...the invention of the German *Defence Minister* Rudolf Scharping<sup>36</sup> of the alleged 'horse-shoe plan' for instance; and the 'massacre of civilians' in Racak, which served as a justification for the start of the military aggression and subsequently proved to be false. The report of the *International Forensic Experts* headed by the Finish doctor Helen Ranta under *EU* auspices, has never been published. Apparently, it was lost somewhere in Brussels!

*What are the lessons of the NATO aggression for you and the world?*

The *NATO* aggression against Serbia in 1999 was a model of the new *Wars of Conquest* under cover of the phrase *Humanitarian Intervention*. Everybody by now should know that this was not humanitarian intervention and that there are no humanitarian wars. It was a war of conquest to take away from Serbia its province of Kosovo and Metohija and to install US troops there for US strategic reasons. This precedent was followed in order to export the



<sup>36</sup> German defence minister Rudolf Scharping presented at the press conference held April 7, 1999, an alleged plan of Yugoslav forces to ethnically cleanse Albanians from Kosovo and Metohija, the existence of which was not supported by the German intelligence service and which later proved to be false.



capitalistic social system based on single Washington's doctrine, which is equally unacceptable today as it was unacceptable to export of the socialist system based on Moscow's doctrine in the sixties of the last century.

Freedom of choice should be the sovereign right of every country. It is not right to divide peoples as if some have a God-given right to decide what is good for every other nation in the world. In Europe at least history has taught us that such an ideology is a source of great danger.

*What is the solution for the Kosovo issue?*

The problems of Kosovo and Metohija are deep-rooted. The province is the birth place of the Serbian state, its culture, religion and national identity with 1,300 medieval monasteries and churches, including several *UNESCO* world heritage sites...150 destroyed by vandals and extremists. To say the basic problems have been in the field of the human rights of Albanians is a simplification. To solve this in isolation will not work. It would not be fair, not balanced, and it would not be acceptable by Serbs given their history, culture and pride.



*What is the relationship between Serbia & EU?*

Traditionally the *EU* has been Serbia's most important economic partner. Historic, social and cultural ties are strong. Hundreds of thousands of Serbian citizens and their descendants work and live in *EU* member countries.

Serbia is a candidate for *EU* membership but the 'carrot and stick' method of endless conditions towards Serbia have not been applied...nor are they applied now...to any other state applying for *EU* membership. The *EU* expects Serbia to 'normalize relations with Kosovo'.

When Belgrade reacts that it will never recognize Kosovo, Brussels' commissars react that this is 'not yet on the agenda', that the *EU* demands only *Integrated Border Management (IBM)* with Kosovo, dissolution of Serbia's institutions in Kosovo, notably in Northern Kosovo, signing of a *Good Neighbours Agreement*, exchange of ambassadors;...and that Serbia does not obstruct Kosovo's *UN* application. Imagine that dimension of hypocrisy.

They do not demand a diplomatic note, or any written statement on recognition, but yet demand relations equalling those between sovereign states. I support close cooperation between Serbia and the *EU* in all fields of mutual interest without any obstacles: free flow of goods, capital, people, information.

At present the *EU* does not treat Serbia as a sovereign partner. So Serbia should adopt a policy of good neighbourly relations with the *EU* and not the present policy where membership of the *EU* is the only option. It is not in Serbia's best interest to give away more for less. Openness, cooperation without any administrative obstacles and a good neighbourly relation between Serbia and the *EU* would be a more reasonable approach for the foreseeable future.

*How can we in Germany, Switzerland and other European countries help your people?*

The best way to help is to always defend the truth, to avert distortion, semi-truths and immorality of all kinds. Serbia and the Serbian nation have always, throughout history, been an integral part of Europe, its culture, progress and civilization; this is the same today and it will stay so in the future. I still believe in a compromise solution based on *UN Security Council Resolution 1244* of June 10th, 1999.

That resolution, like a number of other *UN Security Council* decisions preceding it, has repeatedly guaranteed the sovereignty and territorial integrity of FRY (succeeded by Serbia) and substantial autonomy for Kosovo and Metohija within FRY (Serbia).<sup>37</sup>

<sup>37</sup> One of the seven successor states from the 1990s Yugoslav wars was known as the Federal Republic of Yugoslavia (FRY) until 2003. The FRY aspired to be a sole legal successor to the *Socialist Federal Republic of Yugoslavia*, but those claims were opposed by the other former republics. After the overthrow of Slobodan Milošević in 2000, the FRY rescinded those aspirations, accepting the opinion of the *Badinter Arbitration Committee* about shared succession, and reapplied for and gained *UN* membership on November 2, 2000. From 1992 to 2000, some countries, including the US, referred to the FRY as *Serbia and Montenegro*. The *Federal Republic of Yugoslavia* was officially renamed *Serbia and Montenegro* in 2003. In June 2006, Montenegro became an independent nation following a referendum in May 2006. After Montenegrin independence, the state previously known as *Serbia and Montenegro* became the *Republic of Serbia*. In February 2008, the *Republic of Kosovo* seceded from Serbia resulting in the present dispute on Kosovo legal status. Some states...including the US and various members of the *European Union*...have recognized Kosovo as an independent nation state, but others have not.

In the interim, a great many serious mistakes have been made mainly by the international community, including the EU, but also by Serbian authorities...mistakes which can be summed up as serious deviation from *Resolution 1244*. In March 2008, the Albanian leadership in Prishtina proclaimed Kosovo an independent state. The US, Germany, Turkey, and the UK immediately recognized this secession; 22 out of 27 EU members have followed suit. Most UN members, including Russia and China, two of the five permanent members of the *Security Council*...have refused

Last year a dialogue started under EU auspices between Belgrade and Prishtina to solve concrete issues concerning the everyday life of citizens. This may do some good provided it does not prejudice the key issue...the status of the Province as envisaged by *UN Security Council Resolution 1244*.

I would like the dialogue to produce a time-table for the free and safe return home of the 250,000 Serbs and other non-Albanians living in miserable conditions in various towns in Serbia and Montenegro. Unfortunately this issue has not been labelled, because Prishtina is not interested...and because of double standards from the West.

No viable solution can be imposed by force or by blackmailing Serbia's government. Territory (Kosovo) in exchange for Serbia's EU membership and more foreign investments may seem logical, given the state of Serbia's economy, but this will not change overnight. The present prejudice towards Serbia and Serbs needs to be replaced by more balanced and non-biased views.

*What is the situation regarding the international peace conference in Belgrade next March?*

The *Belgrade Forum* and some other independent, non-partisan associations in Serbia are planning an international conference under the title *Aggressions, Militarization and World Crises*, to be held in Belgrade on March 22 and 23rd, 2014. This conference and other accompanying events will mark the 15th anniversary of the beginning of the 1999 NATO-aggression against Serbia (FRY) and will pay honour to the victims of the aggression. We plan to invite prominent scholars and intellectuals to address the burning issues of military interventionism, expansion of military budgets, the militarization of political decision making and the world crisis which, in our opinion is not only a financial and economic, but also a crisis of the international world order.



**FOREIGN OFFICE WARNING** by Our Cyprus Correspondent **Di Lightrobbery**

**THE Foreign Office has warned Britons travelling to Cyprus that a gang of highly sophisticated pickpockets called the EU are operating on the Island.**

"We recommend that anyone visiting Cyprus should take extra precautions and avoid places where they can be easily robbed of their money like banks or ATM machines," said a Foreign Office spokesman.

He continued, "Reports suggest the EU pickpockets are growing increasingly audacious as local authorities seem unable to stop them robbing at will."

The Foreign Office says they believe the EU pickpockets on Cyprus have been given no choice about robbing innocent people due to the crippling debt of gratitude they owe their ruthless German paymasters.