

RUSSIA AND ITS PIPELINE WEAPON

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In this paper we intend to present the new power which is given to Russia upon EU due to her great natural resources and due to her control upon pipelines. Now Moscow can exert influence upon countries in Europe not through its revolutionary zeal and its tanks and army, but through its resources. And she knows how to use them and how make the EU dependent on her will: this is a new geopolitics, a 21-th century geopolitics, which is centered upon the control of gas pipelines in Central Asian states and upon EU states' great dependence on Russian pipeline system.

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Very few people could say that in their life time they could see a collapsing empire without war. Of course, in the second part of 20-th century there was a war, a Cold War, which had as centerpieces Washington and Moscow; but during the last years of '80s, there could be observed a constant decline in Eastern bloc, precipitated by Chernobyl accident in 1986. The Gorbachev's Glasnost and Perestroika policies² had played a big role in the disintegration of the Eastern bloc, the fall of Berlin Wall, and which ended with USSR collapse in December 1991. The most important heir of USSR was Russia; but during '90s, it had hardly overcome its domestic problems and crises, the biggest one taking place in 1997. So there disappeared a contender from the "game" without any military contest between him and the other one.

But as it is a well known fact that states never forget, the imperial memories of Moscow couldn't have been erased from collective memory of Russians, and especially, from political leaders incumbent in Moscow. During this period Moscow has shed its empire's loosing, but the biggest problem lays in the fact that Moscow hasn't yet found a new role for it in the world.³ In terms of foreign policy, Russia's leaders have failed to forget the legacy of the lost Soviet empire.⁴ Even the Moscow's behavior provides kinships: he who looks at war in Georgia in August 2008 could see resemblances with what happened in Budapest in 1956, or in Prague in 1968, but which had the peculiarity of instigations of ethnic minorities from different republics against the Georgian state's structure.⁵

But what was a constant peculiarity of Russian politics after 1997 crises was the recurrence of Moscow's direct interference in Russia's energy policy, especially regarding control over gas pipelines. And the democracy – even that weak democracy – in Russia slipped into recession; this is partly due to disillusioned and disenfranchised voters, which choose to embrace an authoritarian strongman.⁶ Of course, this is a special peculiarity of Russian society: "the central

² Mikhail Gorbachev, *Perestroika. New Thinking for Our Contry and the World*, New York, Harper & Row, Publishers, 1987, pp. 69-84.

³ Dmitri Trenin, "Russia Reborn. Reimagining Moscow's Foreign Policy", *Foreign Affairs*, vol. 88, No. 6, p. 64.

⁴ *Ibidem*, p. 64.

⁵ Jean Francois Drevet, "Le Caucase et l'Europe", *Futuribles*, Novembre 2008, No. 346, pp. 61-66.

⁶ Larry Diamond, "The Democratic Rollback. The Resurgence of the Predatory State", *Foreign Affairs*, vol. 87, No. 2, p. 38.

and significant reality of Russian politics has been its predominantly autocratic character.”⁷ As such, there has been perceived in Russia a deep-seated insecurity and – its antidote – willing acceptance of an all-controlling leader, and respect for power and certainty of goals.⁸

This is a short presentation of Russian policy, and its continuity. But during different historical periods, Moscow used different instruments to spread its influence and to generate fear. Today, there is no more fear of a nuclear attack from Moscow over Europe or USA, but during the cold days of winter Europeans can feel the strong arm of Moscow; repeatedly it has appealed to the energy weapon to make its strong arm felt in countries from European continent.

This is a noteworthy aspect, because already in 1919 at Peace Conference in Versailles, President Wilson asserted that there could be identified “three crucial elements in international relations – international transport, international communications, and oil”, and the influence which a country would have in international affairs would be directly influenced by the position which that country had in these three key areas.⁹ As the time passed, there appeared another key-element: the natural gas. It is a source of energy and heating, and what is important, it is much friendlier with the environment in comparison with oil and coal; burning gas instead of oil, and especially coal for electricity, means lower greenhouse gas emissions.

As we can observe, in the case of energy resources, it is clear that between transport and energy there are strong connections. It is important to have resources, but the possibility to control their delivery could become much more important. For this reason, the control over transport routes has a special connotation for each government. Each government wants to have independence in two domains: transportation and energy, and when you speak about *pipelines* you can easily note the magnificent combination which results.

But in comparison with oil, which could be transported from different countries due to high mobility of maritime fleet, in the case of gas resources, this mobility is almost nil, the only exception being LNG (liquefied natural gas), but which could create a strong link between a seller and a buyer, due to high costs of terminals for conversion (in export port) and reconversion (in the port of destination).

Taking these aspects into account, there it could be observed that Russia has a unique position. Due to logistic consideration, in the medium and long term, the oil will be traded globally, while gas will be traded regionally; coal due to its large spread, will be traded locally. The special place of Russia is due to its well endowment of oil and gas resources; Russia has almost 30% of the world’s proven gas reserves, and sits *astride* the transport network by which energy flows from the entire post-Soviet zone to the rest of the world.¹⁰ In the same time, Russia has proven reserves of oil of 80 billion barrels, almost 7% in world total.¹¹ And it is possible in the future that Russia will size the control over great parts of untapped reserves in the Arctic, where are about 13-20% of world’s total resources;¹² this is because of the aggressive way in which it has claimed control over great part of them, aspect which could bring intense tensions with USA, and other riparian states. Already the Russian state-controlled oil company Gazprom has approximately 113000 billion cubic feet of gas under development in the fields it owns in the Barents Sea;¹³ and the

⁷ Zbigniew K. Brzezinski, “Soviet Politics: From the Future to the Past?”, in Paul Cocks, Robert V. Daniels, and Nancy Whittier Heer (eds.), *The Dynamics of Soviet Politics*, Cambridge, MA., Harvard University Press, 1976, p. 337.

⁸ Jerrold L. Schecter, *Russian Negotiating Behavior. Continuity and Transition*, Washington DC, USIP Press, 1998, p. 5.

⁹ Gleason L. Archer, *History of Radio to 1926*, New York, American Historical Society, 1938, p. 164.

¹⁰ Robert Legvold, “The Russia File. How to Move Toward a Strategic Partnership”, *Foreign Affairs*, vol. 88, No. 4, p. 79.

¹¹ Michael T. Klare, *Rising Powers, Shrinking Planet. The New Geopolitics of Energy*, New York, Metropolitan Books, 2008, p. 90.

¹² Robert Legvold, *op. cit.*, p. 79

¹³ Scott G. Borgerson “Arctic Meltdown. The Economic and security Implications of Global Warming”, *Foreign Affairs*, vol. 87, No. 2, p. 67.

resources which could be found in the territory claimed by Moscow could contain as much as 586 billion barrels of oil (bbl).¹⁴ If this is real, then it is opportune to mention that Saudi Arabia has only 260 bbl. proven reserves.

Only from Caspian Russian region Russian Federation produced in 2005 for example 1008,2 mil. tones oil equivalent.¹⁵

But why should we regard Russia as a power with great influence in Europe and in the world? The answer is connected to geo-economic field, and not necessary to the military one. Of course, this country has almost half of nuclear arms in the world, and this has given it great influence at world stage, but nowadays things have changed: if during Cold War Moscow menaced the world with its revolutionary zeal and its atomic weapons; today it looks at the world and sees its needs connected to development, and threat to hinder this process through energy flow's obstruction.

Let's have a closer look at Russian politics regarding energy.

The nationalization of oil and gas industry was one of the pillars of this process. In 1996 Vladimir Putin couldn't even dream that four years later it would be the president of Russian Federation; but immediately he took the office, he engaged to create national champions in Russia – these national champions would put promotion of the state's interest over profit maximization.¹⁶ But even in June 1997 he, in a dissertation submitted to St. Petersburg Institute, and in an article "*Mineral'no-syr'evye resursy v strategii razvitiia Rossiiskoi ekonomiki*" published in 1999 in Zapsiki Gornogo Instituta, presented a plan for Russia's recovery and return to economic and political influence. The main theme was the calling on the Russian government to reassert control over the country's natural resources and raw materials.¹⁷ The effect of such a policy would be a low energy price in Russia, while outside it means suspending deliveries to countries which refuse to support Moscow's foreign policy.¹⁸ And in the case that a private company operating in Russia in oil or gas sectors doesn't support the Russian line of policy, it would be denied for it the access to Russia's oil and gas *pipeline monopolies*.¹⁹

In the same time, the "friendly persuasion" from Moscow hindered Yukos and Sibneft in their business and while preventing their acquisition by foreign companies (especially by American ones); furthermore, through the process, Moscow gained control of 41% of Russia's oil output.²⁰ Before the end of second term of Putin's presidency, the most important industries in Russia – the strategic ones – went under state's control through *renationalization*.²¹

But what is more important is the fact that these companies are controlled by *siloviki*; these men are economic nationalists and seek to restore Russia's international greatness.²² They are prone to promote the consolidation of political and economic power within an extremely centralized state, well-financed security and defense structures: they sustain a strong state – over the importance of social and economic freedoms – which had to have a strong voice in country's economic life.²³ In order to attain their goal – taking account of Russia's economic profile – these peoples pretend themselves to be economic nationalists, arguing that country's natural resources belong to Russian people, and that state must control them for that reason; the argument of bad years before

¹⁴ *Ibidem*, p. 68.

¹⁵ Jill Shinkleman, *Oil, Profits, and Peace. Does Business Have a Role In Peacemaking?*, Washington DC, USIP Press, 2006, p. 15.

¹⁶ Marshall I. Goldman, *Putin, Power, and the New Russia. Petrostate*, New York, Oxford University Press, 2008, pp.98-99.

¹⁷ *Ibidem*, p. 97.

¹⁸ *Ibidem*, p. 99.

¹⁹ *Ibidem*, p. 99.

²⁰ *Ibidem*, pp. 105-123.

²¹ *Ibidem*, pp. 133-135.

²² Ian Bremmer and Samuel Charap, "The Siloviki in Putin's Russia: Who They Are and What They Want", *The Washington Quarterly*, Winter 2006-2007, p. 87.

²³ *Ibidem*, pp. 88-89.

Putin's ascension to power being brought as example. These justify the limited access of foreign companies to Russian resources, and a favorite treatment for Russian companies headed by those which are close to Kremlin.

This administrative structure within Russia creates for this country a great bargaining power in economic and political, and even in security areas, because through Kremlin's control over natural resources, and especially the control *over pipelines*, Moscow can influence decision in those countries which are dependent upon Russian resources and access to them. We point here to the fact that Central Asian states are dependent on Russian pipelines, which are controlled by Kremlin through the giant companies Gazprom and Rosneft, and they can have access to markets only if Kremlin facilitates it. In the same time, Moscow fights to limit the access of those countries to the market; the only failure until now is the BTC pipeline, which was built only due to the strong backing given from Washington.

On the other hand, Moscow wants to have important shares in downstream parts of deliveries systems in EU. It fights hardly to gain access and to have control in delivery systems in the most important EU countries, making there strong allies in Germany and Italy. This policy is aimed to maintain and increase the European countries' dependency on Russian energy flow, especial gas. For example, six EU member countries depend totally on Russian gas (Bulgaria, Slovakia, Finland, Estonia, Latvia, and Lithuania), while in other European countries Russian gas' share is big enough to create for Moscow the capacity to have a strong voice in European politics.

Moscow monopoly over gas pipelines has a powerful meaning: pipelines are the cheapest and most practical way for delivering gas, but this situation makes Europe extremely vulnerable, European countries being dependent on imported gas from Russia, a dependence that is set to increase.²⁴ And if Russia prevents the fulfilling of projects which would create alternative ways for gas deliveries from Central Asian states, than the Moscow's clout in Europe would increase even bigger. It even took steps to prevent such possibilities: in summer of 2007 President Putin succeeded in promoting future collaboration among Turkmenistan, Kazakhstan, and Russia, aiming to sell gas from those two countries in European countries, which would pass as before through Russian build pipelines.

Another aspect which hints at Russian pipeline politics is that which regards the construction of a pipeline under the Baltic Sea – the so called Nord Stream – which would avoid the territory of some states which could create problems for Moscow. For the moment Germany buys 40% of its consumed gas from Russia,²⁵ while Italy 32%;²⁶ and through dealings with these two countries Moscow hopes to prevent the diversification of gas supply in Europe. The means are pipelines and the instrument in Moscow's hand is Gazprom. This could be easily identified from Putin's statement: "The gas pipeline system is the creation of the Soviet Union. We intend to retain state control over the gas transport system and over Gazprom. We will not split Gazprom up. And the European Commission should not have any illusions. In the gas sector, they will have to deal with the state."²⁷

Nord Stream would enhance Moscow's influence over those countries through which passes gas from Russia to Western Europe; these are as follows: in the northern part of EU there are two pipeline systems: one which passes through Belarus and Poland to Germany, the other which passes through Ukraine, Hungary, Slovakia, Czech Republic and Germany. If there could be build a pipeline which would connect Russia directly to Germany, those countries mentioned above could be influenced by Moscow, creating a very different situation in comparison with that

²⁴ Edward Lucas, *The New Cold War. Putin's Russia and the threat to the West*, New York, Palgrave Macmillan, 2008, p. 164.

²⁵ Marshall I. Goldman, *op. cit.*, p. 166.

²⁶ *Ibidem*, p. 166.

²⁷ Putin's statement quoted in Michael Fredholm, *Gazprom in Crisis: Putin's Quest for State Planning and Russia's Growing Natural Gas Deficit*, Swindon, Conflict Studies Research Centre, 2006.

encountered in 2006 and 2009, when Russia reduced the supply for Ukraine, while this country consumed the gas which was destined to Western European countries instead. This raised strong opposition from different countries in the region, including Sweden which threatened Russia with military actions if they would have started the project.

Regarding the Southern part of Europe, there Russia intends to prevent the construction of Nabucco project, which would increase energy security through Europe. The Moscow's countermeasure could be given by South Stream project. Even the route for gas pipeline in the Western part of Black Sea is almost similar, the great difference lies in the fact that Nabucco is a European project, backed by EU, which would be constructed and operated by Europeans, which in the same time would bring out from isolationism and dependency on Moscow the Central Asian states, while South Stream would be an extension of the already finished Blue Stream pipeline, which carries gas from Russia to Turkey, and which would be filled, maintained, and operated by Russia, while its building would be realized by Gazprom and ENI from Italy. One spur would go via Greece into Southern Italy, while the other to the Northern Italy, through Romania, Hungary, and Slovenia.²⁸

We can mention that after Angela Merkel became German Chancellor, the Nord Stream hasn't got the same back up in Germany, but the Nabucco project, even if it got the President Sarkozy's maintenance, as could be identified from President Sarkozy's statement in Romanian Parliament in February 2008, couldn't be realized until 2010.

As a conclusion, Russia has maintained its influence over gas pipelines and deliveries in most countries in Europe, and this influence is expected to grow as in the European countries there will increase gas consumption in the future. This rising is due to the fact that the resources available in Europe will diminish, while the consumption of gas will increase due to both energy needs' increase, and due to reducing of other natural resources used for energy production. The only way to reduce the control which Moscow would be capable to exert in Europe would be connected to a more *coherent* energy policy crafted in Brussels having at its core EU countries' interests, and a unified position from those countries in relation with Moscow. Both need each other, but in order to create a climate which will generate a better environment in EU countries it is needed a greater impendence from Moscow from energy point of view. Of course, Moscow can diversify its deliveries to East Asian countries which are hungry for energy resources, but a policy which will facilitate the gas deliveries from Central Asian states to EU via Nabucco, will generate great benefits for all those which will be part in it, from both ends of the pipeline.

For Central Asian States it would mean the reduction of Moscow's influence in their domestic and foreign politics, for Azerbaijan, Georgia, and Turkey, through which Nabucco would pass, it would mean a closer relationship to Western countries, reducing Moscow's influence in those countries (especially in Georgia and Turkey, due to reducing their dependency of Russian exported energy), while for EU countries it will be a proof of a coherent policy which could be crafted together by all those interested, reducing in the same time their dependence on Russian energy, and Kremlin's will.

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²⁸ Edward Lucas, *op. cit.*, pp. 177-178.

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