

Gas export as a source of russian foreign policy



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During Cold War, Soviet Union held the universe religion in its manus ; it was the imperium of illustriousness in tern of economic, political, and military. However, after 1991, Soviet Union collapsed ; its economic system shrieked over a dark from the 3rd largest economic system of the universe, Russian economic system was in the same place with Costa Rica. However, after the national election in 2000, Russia showed the mark of coming back when the ex-KGB, Vladimir Putin, became the President of Russia. One of Putin 's chef-d'oeuvres was the reform of Russian Foreign policy based on energy resources, particularly gas. Therefore, this essay will analyse how natural gas has become a tool that drive Russian foreign policy.

Energy export as a foreign policy tool

Kremlin has aimed to asseverate its political laterality by utilizing monolithic energy resources on other states, particularly EU states which was outlined in the state 's energy scheme signed by President Vladimir Putin in the summer of 2003 - the intent of this scheme is to set energy policy to be the impulsive portion of Russian diplomatic negotiations. The energy policy is to reproduce mineral natural stuffs in Russian dirt under the status of market relationship, but the policy is excessively of import to be run by private sector. In the energy policy, Kremlin aims in the exportation of gas instead than oil because it realizes that the market (many European states) can import oil from some topographic point else through seas, but, for gas, the state of affairs is different. Delivering gas by utilizing gas grapevine seems to be the cheapest and the most practical manner to provide gas to Europe which the demand of gas tends to increase twelvemonth after twelvemonth. Whereas, the current instability of Middle East ever instablilize the gas monetary value, EU states would wish to increase their import of Russia

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natural gas. As a consequence of lifting demand, political and policy differences between EU and Russia which might impact every would not be raised to reason due to energy dependence, so, in the hereafter, EU may go less critical of the manner Russia asserts its foreign policy. On the reverse of what people think, Kremlin does not play direct function in energy export, but instead uses a company called "Gazprom" which is under the direct ordinance of Kremlin, in fact Gazprom is considered to be the gas division of Kremlin. Kremlin uses Gazprom to asseverate its power by putting in at least 16 out of 27 EU states such as Italy, Germany, and France.

Russian foreign policy in action

In order to make energy dependence in EU states, Russian gas demands grapevine to make the work. Gazprom already has Blue Stream grapevine which runs through Black sea to Turkey, but a grapevine that will impact Northern EU states is the Nord Stream. Kremlin intends to construct 750 stat mis gas grapevine, Nord Stream, which will transport gas under the Baltic Sea to Germany, and beltway Ukraine, Belarus, and Poland. Therefore, the Nord Stream will make energy and political laterality over Ukraine, Belarus, and Poland which means if they do not pay, Russia can cut gas supply to them without worrying about supplies to clients on the far West. This grapevine was the consequence of secret confederation between the former Chancellor Gerhard Schroder, the caput of German Government, and Putin 's Kremlin when billion loans back uping the building of Nord Stream was granted merely yearss before the ex-German Chancellor of the Exchequer left the office - shortly became president of the grapevine pool. Thereby, after 2012, Germany will import 2/3 of its gas from Russia via Nord Stream.

In contrast, EU states must seek energy insurance by constructing a gas grapevine to vie with Nord Stream, Nabucco, which will take gas from Central Asia and the Caspian to Europe, non from Russia. Nabucco grapevine is supposed to be complete in 2012 which will convey 30 billion M3 of gas to Europe from 4 possible beginnings: Iraq, Iran, Azerbaijan, and Central Asia.

Although Nabucco will non transport big measures of gas to Europe, it has adequate effects to stir the determination of policymakers in Kremlin. Those effects are, foremost, it will liberate states such as Turkmenistan and Kazakhstan from depending on Russia 's grapevine that allow Kremlin to pull strings the monetary value and measure of their export. Second, it will give purchase to EU states gas companies to equilibrate and dicker with Gazprom in the better place ; hence, Europe would hold security on its energy dependence. However, EU states ' dream of holding Nabucco grapevine to equilibrate Russian power seems to melt away when Kremlin has decided on edifice South Stream - \$ 5. 5 billion due west which is the extension of Blue watercourse. This extension grapevine will set down on Bulgaria and convey 30 billion M3s yearly of Russian gas to Europe through the Balkan. This grapevine has a similar path with the 'Nabucco ' , but it will be built and operated by Kremlin and Italy 's elephantine energy house: ENI. The South Stream will travel to Southern portion of Italy via Greece, and another subdivision of the grapevine will go through through Romania, Hungary, and Slovenia, and even make every bit far as Austria where the same finish as Nabucco grapevine is. From the illustration of Southern Stream and Nabucco grapevine, the thought of gas competition is whoever the first to construct it will be the victor. Because of this, if the first grapevine were built through

the Balkan, it would offer the cheapest gas to Southern and Central Europe, doing new chance to new investors. From the grapevine competition construct, it seems that Kremlin is truly cognizant of the state of affairs. At an energy acme held in capital metropolis of Croatia - Zagreb in the center of 2007, 6 former Yugoslav democracies, plus Greece, Bulgaria, Romania, and Albania, gave a warm welcome to Putin as a particular conjecture who announced a new series of gas and oil programs which humiliate Western attempt of equilibrating Russian power. In add-on, Putin besides offered Russian investing in substructure (storage, and distribution) to those states in South Eastern Europe. As a consequence, unlike Warsaw battalion, Kremlin has created a battalion of energy confederation with South Eastern Europe in order to infest Nabucco grapevine which is the menace to the prosperity of Russian energy export. Although Nabucco seemed like an unrealistic committedness of EU states, it did non decease. In order to rend off Nabucco for good, Russia and Austria had signed a long-run contract under which Gazprom would provide 80 % of Austria 's gas ingestion over the following 20 old ages. Therefore, President Putin went to do a visit at Vienna on May 23 and 24 2007. Austria was intended to be the finish of Nabucco grapevine, but when Putin visited Austria, he gave a promise to Austria authorities that he would do Austria to go a 'hub ' for Russian exports of gas - including, much of the Central Asian gas that was supposed to flux through Nabucco. In the terminal, most of energy ingestion of Europe lies in the manus of Kremlin.

Will energy deficit drive Russian foreign policy to its day of reckoning?

Merely a few policymakers in Kremlin worry about whether Russia will hold plenty gas to run into the demands of the following decennaries. Russia is a state that has the biggest gas modesty in the universe, about with 47 trillion M3s ; nevertheless, many policymakers concern about the deficit of gas within one or two decennaries. Vladimir Milov, an vocal former energy curate said both oil and gas production are confronting 'crisis ' with gas in a worse province than oil. Although gas production has declined, Europe 's demand is traveling up by 50 billion M3s a twelvemonth. Harmonizing to Milov, in 2010, Kremlin and Gazprom need to provide 132 billion M3 of gas both for foreign and domestic clients ; hence, by 2020, all Gazprom 's production will be able to provide domestic market merely, go forthing none for export. If the deficit of gas supply happened, Kremlin would hold no purchase to dicker with EU states any longer. In add-on, for Europe, it would confront serious energy deficit because most of gas supply came from Russia. There are 2 chief grounds for deficit of gas: the ineffectualness of Gazprom, and the leaky grapevine. First, Gazprom is one of the most inefficient energy companies in the universe due to its hapless direction by elites in Kremlin. Gazprom can gain 100s of one million millions of dollars a twelvemonth, but, its money is spent in pathetic ways such as colossal fringe benefits for the top direction, overstaffing, laughably expansive edifice, and vacation resorts. In the period of 2000 to 2006, it spent merely \$ 12. 5 billion on developing new Fieldss, but spent \$ 17. 9 billion on purchasing companies outside the gas industry. On the contrary, Gazprom has earned billion of dollar from purchasing other more expeditiously run companies ; nevertheless, those brought companies have become less effectual due to the intervention from Kremlin. Second,

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one of the bequests that Soviet Union left to Russia is old icky grapevines. Over 70 % of Russian gas grapevines were built even before 1985 ; nevertheless, the mean age of grapevine is 22 old ages ; 14 % are older than their coveted life. Harmonizing to IEA, 20 % or at least 30 billion M3 of gas production exported to Europe are wasted because of leaky pipes and raddled compressors. Therefore, monolithic measures of gas are merely vaporized because Gazprom is non able to entree to the grapevine. In the terminal, Kremlin needs to overhaul its gas division (Gazprom) in order to do it as a beginning to force frontward Russian foreign policy.

In decision, this essay has analyzed how natural gas has become a tool that drives Russian foreign policy in 3 ways: energy export as a Russian foreign policy tool, Russian foreign policy in action, and Will energy deficit drive Russian foreign policy to its day of reckoning? In Putin government, the arm of Russian foreign policy has changed much from the clip of Soviet Union - from the usage of military high quality now becomes the usage of monolithic natural resources, particularly natural gas. In the close hereafter, Russia will be able to rule its environing neighbours by utilizing natural gas supply as a purchase to dicker against those energy hungrinesss. However, Kremlin and its policymakers must be competent plenty to reply the inquiry that whether how long natural gas will be a vehicle that drives Russian foreign policy. Because it is a affair of clip of gas shortage in Russia, Russia will hold to happen other tools to function its foreign policy.