

# [Oil pipelines and russia’s involvement](https://assignbuster.com/oil-pipelines-and-russias-involvement/)

Stability of the Eastern Europe states (mostly former USSR affiliates) is the key to effective flow of oil and natural gas from Russia and the rich Caspian region to Eastern Europe. This is the case due to the high levels of insecurity for the pipelines in the region and Russia's influence on the pipeline operations to the major market in the Eastern Europe. Arguably, the cause has been far fetched from the former USSR servants that are still healing the wounds from the impacts of long struggle for freedom from Moscow .

Russia is a major player in the international energy market due to vast reserves of energy resources forming one of its major economic drivers. Following the breakup with large oil companies like Yukos, the country has ventured greatly into the business by exercising authority which has seen it control the prices and supply capacities with forces similar to those of the former Soviet. However, the pipelines pass via most of the countries that have been at crossroads with Russia for long. This is the major source of controversy with deep social-economic and political effects to the country, the region and the globe too.

Analysts have pointed it as a major cause for international alarm should corrective measures fail. 2. Overview of the paper This paper explores the background and importance of pipeline to the economy of Russia and the region that rely on it. Evaluating the conflicts of the former Western Europe especially regions through which the major pipelines pass through, it examines the relevance of security to the pipeline as part of the extended regional infrastructure to the international community. Politically, the paper will look at how energy resources found in the Caspian region and elsewhere globally are important to the society.

Through a holistic analysis of the region, the paper projects at the possible future of the pipeline operations and the relation between the West and East which is mainly based on this precious commodity (petroleum). 3. Background of oil pipeline operations in Russia Oil and gas pipelines in Russia have a long history that dates back to the Soviets regime. With Russia holding one of the largest reserves of natural gas (about 1, 680 trillion cubic feet), it has been one of the largest exporter of the same commodity to the Eastern Europe .

To add to that, the Caspian region has rich reserves of oil whose production was taken over mostly by America and the Western countries affiliated companies. Over the years, the debate over the actual cause of instability in the region has led to development of the hypothesis that the 'Western countries' insatiable need for oil is the major cause. ' With the oil producing countries in the Caspian region and Russia being poorly located in terms of transport for the commodity, it became necessary to pass the pipelines through countries like Chechnya Ukraine, and Georgia .

Recently, Russia has increasingly raised its demand for control of the pipelines and the the oil that originate from its land as well as from the neighboring regions. This meant that it has the control of the prices and quantities of the precious “ gold” which it exercises with intrinsic bureaucracy. Georgia, a country in conflicts with Russia has two major pipelines crossing from Azerbaijan to Turkey. 80% of Russia oil and gas exports to Europe pass through Ukraine . 4. Importance of pipeline to the economy

Globally, energy is the single main item that determines the progress of a country especially with regard to industrial progression. However, its availability to the international community has been very limiting as the resources are vested to only few countries globally. This has therefore created a strong affinity and demands for international interdependence mostly related to oil. Natural gas and oil forms the main driver of over 80% of the global industries. Therefore, the distribution factor remains a key icon in determining the later progress of the economies globally via the following aspects;

? Availability of the resources As indicated earlier, availability of natural gas and oil to the any country forms the key determinant of the countries ability to grow industrially and improve its overall economic growth. Since historical periods, Russia's increasing growth has been due to the availability of oil in its soil which acts as the main economic driver . Similarly, Eastern Europe's 30% of its natural gas and 32% of its oil demands originates from Russia and Caspian region. The fast economic growth within the European Union region has been attributed to the stability in oil supply.

Therefore, issues relating to pipeline have drawn the international attention as they dictate the stability of the region economically and politically too. Most of the people in Eastern Europe are industrially dependent . Of greater importance has been the increasing disruption especially on the pipelines passing through Ukraine and Chechnya which alters the stability of the gas and oil flow to the Western Europe. ? Price of the natural gas and oil in the market Market forces have been cited as the major determinants of the commodities prices at any given moment.

This has especially been the case with regard to oil and natural gas marketing globally. As indicated earlier, the demand for oil and natural gas has been on an upward sharp trend that has made Russia to demand monopolistic control for production and transportation. However, the latter demand under the forces of the market has been rejected by the receiving countries which cry foul of the high prices of production that are not at par with the industrial production logistics. The ability to transport oil with pipeline makes it far much cheaper and reduces the risks of rail, road and sea transport.

It also, saves a lot of time reducing greatly the overall market price. However, the prices adjustments by Russia has brought sharp conflicts with Ukraine and acted to isolate Russia from the rest of the world . Similarly, it has put Western Europe at the mercy of Russia a system described to be highly precarious for the EU. 5. Oil and gas producing & distributing companies and regional politics Arguably, Central Asian oil and natural gas as indicated by history of the region flow through Russian pipelines. This is a major source of revenue and part of the extended source of the same products to the country.

Therefore, the region has turned into a puzzle as pipeline turns out to be the key indicator of superiority . China proposes to establish 3000 Kilometers pipeline from the Caspian fields to its own economic strongholds. Logistics of these pipelines therefore have been based on the geography and political orientation and affiliations. For Russia, to head directly West demands skirting the Caspian peninsula which increase the overall length of the system. To establish an underwater system is extremely costly while running towards the East would involve traversing the war torn mountainous Afghanistan.

Boarder politics on the other hand are even more complicated with each country especially those that broke free from the soviet demanding transit fee and reduced prices for their supplies. Therefore, cross boarder agreements are equally controversial due to the changing demands of the resources in the region. To add to that, the International Convention on the Law of the Sea plunges the system deeper into the misery in that Caspian water system is not fully categorized as a sea or a lake . ? Baku-Tbilisi-Ceyhan pipeline

This pipeline's is about 1, 768 kilometers that connects Sangachal in Baku to Ceyhan in Turkey coast of Mediterranean sea. It traverses Azerbaijan, Georgia, and Turkey and delivers about 160, 000 cubic meters of oil per day. The Pipeline is owned by a conglomeration of companies globally with British petroleum having the largest share of 30%. The pipeline is a major controversy both politically, geographically and economically. Though it bypasses Armenia, Azerbaijan has unresolved conflicts over the status of Nagorno-Karabaokh .

Besides, it crosses via Georgia that is currently under intensive conflicts with Russia and also passes through Kurdish region that have prolonged conflicts with separatists. In 2008, Kurdish exploded a section of the pipeline claiming non inclusion in the enterprise. The Russian government indicates that the west is determined to take over Easters Europe's' resources and has called for reconsideration. Figure I. Baku-Tbilisi-Ceyhan pipeline. (Adopted from David, Inge) ? Caspian Pipeline Consortium

This pipeline carries oil from Tengiz field to the Novorossiysk-2marine terminal in the Russian's black sea coast. This pipeline was created in 1992 by the Kazakhstani, Russian and Omani governments and is worth US $ 293 million . Though this pipeline is considered by the Russian Government to be more effective due to lack of external exaggerated effects, it is not fully free of such influence. CPC from a logistical point of view is limited by the narrowness of the Turkey's Bosporous Strait which carries the oil to the wider outer markets.

To add to that, the Russia's occasional transit fees increments has been considered an impetus for Kazakhstan to seek an alternative route for its oil which will greatly affect the total delivery. To add to that, based on Russia's dealings with Ukraine, fears still loom that it may not be trusted by Kazakhstan fully and therefore raising the search for an alternative route. Seeking alternative routes that avoids Russia would mean taking longer distances and therefore raising the overall price of the oil and natural gas to the market . Figure II. The Caspian Pipeline Consortium (adopted from David, Inge)

6. Local and global significance of Russian pipeline security Globally the pipelines are significant in that petroleum is the main driver of economies. Notably, all aspects of development are directly or indirectly related to petroleum products. Economically, the security of pipelines guarantees equitable growth of the region and therefore make it one of the best globally, a notion underscored by the European Union. Therefore, it is of interest to the international community that agreements are reached to guarantee stability in prices and supply of the same commodity to them .

However, this has not been easy as production and distribution are fully unlinked by falling under the different states jurisdictions. Though analysts have been divided over the later possibility of making the whole of Europe act as a single group, the external involvement that are particularistic may derail the initiative. Central Asia and South East Asia are increasingly relying on the Caspian and Russian oil and natural gas supply a notion that has major implications to the West . Politically, the fight for supremacy is far from over.

Russia still swims in the Soviets connotation and “ demands” that the former smaller economies should be at its mercy. However, this notion is not only retrogressive, but also destabilizing in that each country has its own rights to allow passage of the pipeline at its own dictated fee. This is however complicated by the fact that most of the countries are EU members and their aggression to impact negatively on Russia directly affects other EU members. As if that is not enough, most of these countries have formed strong ties with external strongholds that are thought to be either wanting or malicious altogether .

However, they act as a sense of security and deterrent factors in checking Russia's monopolistic energy control. It has remained the core item in the US strife for supremacy to ensure that Russia do not get the monopoly of fuel supply. 7. Special relations with Ukraine Even with other countries acting as key icons in the determination of the pipeline's operations in the East and its impacts, the case for Ukraine has always been special. With the Soviets Gas industry being borne in the early 20th century, it was Ukraine that was behind the whole deal that was later shifted to Moscow.

The soviets bureaucrat representing Gazprom denied Ukraine the overall control and returns of the same resources a notion that has been cited to have far much reaching implications of the regions security. With the breakdown of the soviet, Ukraine remained an integral part of the pipeline system from Russia to the rest of Europe. Historically and presently too, there has been a feeling that the region (Ukraine) which Russia had thought to be its “ breadbasket” might not get fully 'independent' in the near future . Russia's raising of prices to Ukraine has however met strong resistance with effective shutdowns for all the lines .

This prompted Russia to seek alternative routes for some of its oil and natural gas. Besides, the storage facilities at Slovaks boarder also fall under Ukraine control giving it a better leverage for shifting stored oil and natural gas for its use during Russia cut offs. As a major puzzle, the Russia still needs Ukraine as it is the major external point of the pipelines with diameters of over 1, 000 mm and smaller ones too which strongly raises the ability to increase the pumping capacity of the oil and gas to the larger market.

To add to that, Ukraine has also attracted international sympathy due to Russia's sycophantic mission of controlling the centrally located important portion and therefore acting as a leverage of the EU and other Western countries to similarly checks Russia's emerging supremacy . It has been described as a war of diplomacy and one that is not close to getting over soon. Figure III. pipelines passing through Ukraine. (Adopted from Jerome, Paris) 8. Conclusion

Natural gas and petroleum resources have remained the most important resources in the global arena since the onset of thecold warand will continue to affect the global politics for long. Similarly, pipelines in the Eastern Europe form a key item in determining the accessibility and prices of the prestigious commodity, a notion which have great implications in the industrial production capacities for EU. However, the soaring relationship between the Russia and her neighbors forms a key stabling block for the whole of EU development.

Nationally, the effects are much fewer in Russia as their production has been greatly boosted by low prices of the commodity. The “ tears” of the former USSR colonies being still wet in their faces, their relationship with Russia is soar and interruptions inevitable with slightest provocation by the former master . The future of the system however lies in the capacity of the region to play down their politics and work together as a block to develop . Similar to the former Soviet, Russia seeks to seize any opportunity that can place it back to the high position without delay.

However, this notion is ill advised as the current consideration of the central Asia and South East control may get out of hand very easily with other extensive exploration of oil internationally and affiliations to EU and US. Similarly, Russia stands to loose more in that her relationship with Western Europe is two fold as it benefits from supply of fuel and market under the membership of EU. However, the future of pipeline systems is still bright with the current propositions for bypassing Russia being underway.

To add to that, most of the regional countries like Georgia, Ukraine, Azerbaijan, and the rest of the international communities see regional cooperation as the correct mode to grow and develop. This is a fact and Russia will realize it when it is too late. It is however clear that the regional energy woes that has its expanded effects to the region and internationally are far from over. Bibliography Ariel Cohen, " Iran's Claim Over Caspian Sea Resources Threaten Energy Security. " The Heritage Foundation, 5 September 2002, http://www. heritage. org/... cfm. Blagov, Sergei.

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