



# Some Features of the Russian Foreign Policy Approach to Europe

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## **Introduction**

In its relationship with Europe, Russia has been taking advantage of Europe's incapacity to diversify its energy suppliers in a context in which domestic energy sources within European borders are being depleted. By following this path, and in the absence of a common European energy strategy, Russia has been an effortless winner. In fact, if one of the concerns of European energy security is the diversification of suppliers, iterated in numerous documents and studies (Commission of the European Communities, 2000; European Commission, 2014; European Commission; Directorate-General for Energy and Market Observatory for Energy, 2016), it is also a fact that this strategy has not always been carried out with resolve.

The purpose of this chapter is to analyse how Russia's investment is connected to its ambition as a global power, and how this affects its relation with the European Union. We regard Russia as a global power solely in the sense that it is a decisive player in many geopolitical scenarios, capable of being a model for many States. The main idea that presides over the proposed analysis is that Russia on its own cannot change international balances, though it can be decisive in helping others do so.

If we consider the theoretical distinction between conservative and reactionary powers, and that between international homogeneous and heterogeneous systems (Aron, 2002), we have a hard time interpreting the case of Russia. The post-Second World War international system acknowledges Russia's central position in the global order. On the other hand, Russia has the ambition to change the geopolitical configuration of some regions, such as the Middle East or the Arctic. Moreover, there are processes redefining the world order that transcend that same Russian ambition, in which the main agent of change is China. In that context, one question requires elucidation: how does this affect Europe?

While the corollary of the argument defended here is that Russia's energy resources are what grants it its capacity to be a global power, the weaknesses of this State cannot be overlooked: Russia does not have a strong domestic economy or a developed domestic market and, unlike during the Soviet Union period, it does not have a multidimensional geopolitical capacity. By this we mean the productive and technological capacity to project consumption and development models beyond its borders, as well as the capacity to

propose an alternative model of economic organisation. It lacks a social and political model capable of inspiring other States.

In line with this consideration, in the foreign policy of the Russian Federation it is possible to find a dimension of power very similar to the concept of “power deflation” proposed by Talcott Parsons to describe those situations in which authority can only be asserted through instruments of constriction (Eckstein, 1980) – in this case, energy resources. This being the argument defended, the understanding of Russian foreign policy cannot avoid considering the historical circumstances that led Putin to power and that represent a nationalist return around which a part of the Russian elite, following the failure of the 90s, is organised. This view, based on a strongly nationalist political discourse, also represents the power block sustaining Putin, as well as the oppositions to the current Russian government (Savino, 2014). To this end, it is appropriate to take a look at what type of relationship exists between Russian economic and political power and its energy sector.

The first part of this chapter will adopt a historical-political perspective to describe Russian foreign policy, whereas the second part will focus specifically on economic and geopolitical issues.

### **A Few Preliminary Considerations**

Before outlining the key passages of Putin’s rise to power and highlighting the features of critical change in Russian foreign policy, some elements of the context in which this country operates should be mentioned. Following the 1990s, a new situation in international relations looms. The unipolar moment, the assertion of a single development model with only one superpower in the lead, without any adversary (Brezinski, 1997), leaves room for events that run in parallel: a redefinition, imposed by the political and economic reality, of the strategic projection of the USA and the emergence of new players working towards the accumulation of systemic capacity and global ambitions. In order to be well understood, the changes that took place within the apparatus of Russian government and power should be read in light of this context. This is quite noticeable in the proliferation and revitalization of numerous international organisations, carried out by many States seeking autonomy at different levels vis-à-vis the international organisations created around the USA.

The Russian Federation is involved in the Shanghai Cooperation Organisation (SCO), the Central Asia Cooperation Organisation (CACO), the Commonwealth of Independent States (CIS), the Collective Security Treaty Organisation (CSTO), is a member of the UN Security Council, the G8 and the G20. Besides, it has bilateral cooperation agreements with European countries and the European Union (EU) aimed at consolidating a common economic and security space. Furthermore, Russia’s presence in the BRICS allows it to project its economy worldwide and to manage its presence, in a multilateral context, in several regions of the globe. However, it is clear that this alliance is deeply contradictory and far from representing a global political project between strategically homogeneous actors. On the contrary, it is a coalition between players organised around

subjects where they can come to agreement, using this framework of cooperation as a tool of mutual tactical-strategic manipulation<sup>1</sup>.

The consolidation of Russia's global role also implies stability at regional level. Its area of influence in the Caucasus and Central Asia, a region marked by the presence of many actors, is of vital interest. However, this region in particular presents a high risk of instability for Russia: the expansion of NATO to the east, which includes the former Soviet republics, or the instability in the south-western border, not only in Georgia but especially with the crisis in Ukraine, the height of the conflict between Russia and the Euro-Atlantic axis. This gives rise to contradictions in the relationship between Europe and Russia – in 2016, 41% of the Russian gas destined for Europe passed through Ukraine (European Commission; Directorate-General for Energy and Market Observatory for Energy, 2016).

Finally, two more aspects must be summed up. First, the comatose State of Russian economy in the 1990s, with the 1998 default (Putin becomes President of the Russian Federation the following year), a condition of which Russia got out ambiguously, alternating between periods of growth and periods of recession (Chiodo and Owyang, 2002). Second, the demographic crisis, which made life expectancy drop by ten years, immediately after the fall of the Soviet Union (Shlapentokh, 2005), and which has continued until today.

The geopolitical scenario and global ambition developed by the power block centred around Putin must be read through its capacity to manage an unfavourable context. This capacity was precisely having been able to turn this situation to its own advantage. To this end, the weapon of energy resources played a central role, and it is through a coordinated policy on the geopolitics of oil and gas that Russia became key in defining the geopolitical order, by asserting itself as a decisive player in important landscapes, from the Middle East to Europe and Asia.

However, the geostrategic prominence of Russia has increased substantially over the years. Although many events in the international scene had the capacity to speed up a number of processes (for example, the economic crisis that weakened both the USA and European integration; or the crisis in Ukraine that speeded up the rapprochement between Russia and China), Russia's emergence as a global actor has been prepared and constructed knowingly ever since the second half of the 1990s.

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1 This contradictory aspect is represented by China and the financial institutions the BRICS have developed. China simultaneously takes part in the Asian Investment Infrastructure Bank (a project that excludes the USA but that involves its European and Asian allies), in the Asian Development Bank (a project centred on the USA), and in the BRICS New Development Bank (which should fund the "New Silk Route", against which India, another important BRICS partner, has already presented an alternative project). Besides these and other contradictions, the change in the Brazilian political scene renders this coalition even more problematic.

## Putin, Medvedev, Moscow, Saint Petersburg: Transition to the “Putin System”

The Russian political system cannot come to terms with the use of categories whose root lies in the history and political development of Western Europe. The categories that define it are “sovereign democracy” and “verticalisation of power”. The concept of sovereign democracy instituted by the Kremlin has three main implications: first, at the centre of the international political system is the State, not other actors such as NGOs or multinational companies, which assume parity between States, despite their national order; second, it makes a distinction between States that are completely sovereign and those that are not, which means the second cannot fully participate in the dynamics of international change; third, it is a model used by the Russian Federation to win the loyalty of the States of Central Asia, with which it shares economic, institutional and cultural projects (ISPI, 2011). This concept is also marked by the powerful and profoundly centralised bureaucratic machine of the Russian Federation. This means the State controls the strategic sectors of the country and manages the oligarchs’ fight for the acquisition of energy resources and the industrial sectors. All political power is in the hands of the government, with a decisive role for the president (ISPI, 2011).

These peculiarities may apparently also be features of other States, and the realist perspective they hint at is not specific to Russia. Nevertheless, the need to incorporate these guidelines into State management is also part of a strategy and of a process of constitution of the Russian State, as well as of the formation of its elites. In order to understand them, it is necessary to take a look at the historical-political matrix that generates them.

With the end of the USSR, the Russian Federation lives a time of extreme economic and political instability: two attempted coups (1993 and 1998), the first Chechen War (1994-1996) and a default in 1998. Rampant capitalism and liberalisations leading a small group of oligarchs to power dominate the country. Furthermore, a formerly great power becomes a territory to be conquered by several criminal gangs. In the 1990s, the Interior Minister estimates that 40% of private companies, 60% of State companies and 50% of banks are controlled by organised crime (Rahr and Pachomov, 1998). Out of the ensemble of this organized crime and the old structures of Soviet power comes the oligarchic system governing the country from the end of the Gorbachev era to the Putin era, known as the Yeltsin family.

The highlighted categories are affirmed in opposition to this situation, which is also from where Putin emerges. When, in the summer of 1999, Yeltsin appoints the Prime Minister, everything seems to continue the oligarchic type of politics. No one could imagine that a man who had grown among the administration of former Leningrad and had been successively called to Moscow by the same Yeltsin – before as head of the presidency’s administration services (a kind of shadow cabinet, central in the management of power) and, later, as head of the FSB (successor to the KGB) – could become the “snake within the *family*”.

However, in no time Vladimir Vladimirovich's intentions are well understood. On his arrival to the Kremlin, Putin puts things clearly: politics is one thing, the economy and business are another, and the only possible way of bringing these two together is by subordinating the economic order to geopolitical demands. Businessmen meddling in State issues do not have an auspicious future ahead of them; the others are entitled freedom of action, agreeing to avoid any interference in the Russian Federation's strategy to return to the international scene.

This is how the oligarchs in the State administration are replaced by men sharing the same view as Putin, who chooses those who were close to him during his experience in the administration of Saint Petersburg, as well as those closer to him in his career as KGB and FSB agent (the so-called *siloviki*, a term used to designate former agents who were part of the information services during the Soviet era). The relationship with Medvedev should also be seen in light of these facts. The result of this policy, which someone describes as State "de-privatisation", was a clear division between political and economic power, which aroused energies that influenced economic development in the first years of the 2000s (Tretjakov, 2008).

The return of the country's strategic sectors to State control is the main turning point for a renaissance of the Russian Federation as a global power. Energy resources play a crucial role in this dynamic: the Putin transition affected the main State companies, namely in the energy sector, such as *Gaznovaya Promyshlennost* (Gazprom). In the 1990s, Gazprom had to resist the privatisation process. Anyhow, the gold share stayed with the State (38%, the same percentage kept until 2004). In the first year of the 2000s, the government of the Russian Federation made several operations and managed a share of over 50% in the capital. From 2000 on, the administration changed. The former president appointed by Gorbachev at the time of Gazprom's creation was replaced by Medvedev and the trustee was immediately replaced by Miller, a former colleague of Putin's in the administration of Saint Petersburg.

### **Political Power and Energy Resources: the Case of Gazprom as a Geopolitical Tool**

The Russian Federation is the world's largest gas exporter and second largest oil exporter. Its gas reserves account for over 17% of the world's reserves, whereas its oil reserves account for approximately 6%. More than 50% of its exports are energy resources. 70% of the production of these two resources is exported (BP, 2016). The strength of Putin's economy and of the Russian Federation as an energy superpower is based on this aspect, which also entails its dependence on the buying and transit countries. In line with important studies on energy security (Yergin, 2006), Russia is moving towards the diversification of its buyers.

The largest Russian company is Gazprom, which controls 95% of the reserves, 90% of the production, owns the pipelines and manages most of the upstream. This company was born in 1989 with Gorbachev's decision to merge the Oil and Gas Ministries. The chairman of this State company at the time was Chernomyrdin, former Deputy Prime

Minister in charge of Fuel and Energy and Prime Minister of the Russian Federation between 1993 and 1998. The President of the Board of Directors back then was Vyakhirev. The importance of this company for Russian geopolitics is obvious.

Gas exports to Europe in 2015 represented approximately 82% of the Russian Federation's gas exports, which includes EU countries, Switzerland, Serbia and Turkey (BP, 2016). It is interesting to take a look at the disaggregated data of exports: 23.4% to Germany, 13.5% to Turkey, 12.4% to Italy, 5% to France (BP, 2016)<sup>2</sup>. Europe's centrality for the exportation of Russian gas and for the Russian economy is clear. The geopolitical importance of this trade is also clear, since Europe is not a homogeneous whole, to which is added the Turkish variable. However, Russia's tendency to turn east (IEA, 2009) is also obvious, particularly following the crisis in Ukraine.

In 2012, China increased its Russian gas imports in over 33%, an interesting number considering China's gas demand grows every year (Asianews, 2013). Regarding oil, in the last 5 years, Russian exports to Beijing have increased more than 100% (42% only in the first semester of 2016), making Russia overtake Saudi Arabia in supplying China (RT, 2016). For the Russian Federation, an expansion to the east also has the purpose of diversifying its buyers and competing with USA's exports, which may eventually be implemented, jeopardising Russia's centrality in the common European energy market. As can be seen, Gazprom lies at the heart of business between the Russian State and its partners.

Although the axis Kremlin-Gazprom is not born with Putin – Chernomyrdin and Vyakhirev had been allies in the 1995 elections with the party “Our Home Russia”, renamed in the media as “Our Home Gazprom” –, during his presidency this State company becomes a key tool in the conduct of foreign affairs (Grazioli, 2010). It can be safely said that energy resources are one of the key vectors of Russian foreign policy and Gazprom its privileged instrument. This company is a real global player. It does not merely deal with the upstream processes: acquisition of the rights to exploration, extraction, production, processing, distribution and marketing. With the hundreds of companies it manages and its subsidiaries, this company is present in the media and financial sectors, both in Russia and in the rest of the world.

With its policy of diversifying buyers and investing in long-term projects, Gazprom develops close relations both with State companies and private entities. In 2005, the Blue Stream pipeline between Russia and Turkey is fully functioning. In 2006, the Russian company signs the South Stream memorandum with the Italian company ENI, a project that would end up not being pursued but whose goals are today being redesigned within the scope of other infrastructural projects. That same year, preparations for the offshore platform in the Barents Sea begin – a field of gas reserves that, with the Nord Stream, will be sent to Germany. The French Total and the Swedish StatoilHydro are partners in this project (Grazioli, 2010). The first pipeline of the Nord Stream was inaugurated in 2011, the second in 2012. Gazprom holds a 51% share in the company that manages this

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2 Percentages calculated by the author, based on the data in BP (2016).

pipeline (Nord Stream AG) and has German, French and Dutch partners. Moreover, Gazprom increases the production of LNG, liquefied natural gas, and in 2005 sends its first cargo to the USA, in 2009 it signs a supply contract with Shell until 2028. Besides, there is cooperation with the former Soviet countries and other Asian countries. Finally, the agreements with Latin-American companies should not be forgotten.

It is evident how Gazprom is involved with the major economic regions of the world, having long-term trade and cooperation agreements, as well as pipelines and offshore platforms, both with State and private companies. This global presence, which expands from the complex framework of the Russian Federation's foreign policy strategy, equips it with an important geopolitical tool. In fact, one of the outcomes of the Putin transition is the implementation of restrictions on foreign companies and on the exploration rights of private companies, which further reiterates the concept of "sovereign democracy" highlighted above. Plus, to reinforce this strategy, a series of new pipeline projects are underway, aiming at the diversification of transit countries so as to avoid those that might create problems for the gas trade. In this regard, Gazprom has made it public, even if not officially, that it does not intend to renew the agreement with Ukraine, which expires in 2019, on the transit of resources into Europe (Floros, 2016a).

These considerations do not concern the relationship between political power and energy industry alone, but also the centrality of the energy sector in the economic projection of the Russian State vis-à-vis other economic sectors. Dependence on energy exports is two-sided in this specific case: if, on the one hand, the close link between the geopolitical project and energy resources is at the core of the new centrality of this country in the international system, it is also true that the Russian economy, dependent on the energy market, is extremely susceptible to the changing prices of these resources in the world market, as well as to the laws of supply and demand. At the same time, the centrality of energy resources in Russia's economy, reflected in the orientations of this State on economic and industrial policies, keeps other economic sectors from thriving. A piece of extremely relevant information: data from the World Bank indicate that tax revenue equals 11% of Russian GDP (World Bank, 2016), whereas tax revenue from the energy sector corresponds to 51% of federal taxes (Sabitova and Shavaleyeva, 2015).

### **Main Aspects in the Development of the Russian Economy between the 2008 Crisis and the Agreement between the OPEC and non-OPEC Countries**

It has become clear, so far, that energy resources are one of the key aspects of Russian foreign policy. Not only because they are a weapon in the geopolitical level, but also because the power block leading Russia today is formed around the interests of the energy market, and also a crucial part of the State budget. Therefore, it makes sense to try and discern how this political and economic organisation, influencing Moscow's international positioning, reacted before the development of the international energy market.

- (1) In the early 2000s, Russia Appears to be in an Encouraging Economic Situation, Owing to the Constant Rise in the Price of Energy Resources.

Between 2000 and the first semester of 2008, the Russian economy grows between 5.1% and 7.2%. The increase in oil prices and the economic reforms, namely those concerning the tax system for companies, contribute to this growth. In 2007, Goldman Sachs publishes, as it does since 1997, the Growth Environment Score, a rating of the emerging economies, and the Russian Federation comes first among the BRICS economies considering the positivity of its economic indicators (Banca Intesa, 2008).

- (2) The economic crisis affects the global search for energy. The seriousness of the crisis in Europe has direct impact on Russian economy.

In May 2008, Gazprom's market capitalisation was still over \$360 billion, although at the end of the year it was only slightly above \$5.9 billion, with a loss of more than 74% in the MICEX index for Moscow's stock exchange (Gazprom, 2011). In May 2008 Gazprom came in third place in terms of its market capitalisation, after General Electric and China Mobile. However, that year its shares decreased by more than 13%, reaching a value of just above \$100 each. However, number one in the company, Aleksei Miller, declared in 2008 that in 7-10 years Gazprom would be the first company worldwide in terms of market capitalization, increasing its share value to \$1000 billion (Il Sole 24 Ore, 2008). Ten years on, we can say that is not how things went and, as indicated by the data published by the Russian rating agency RIA, Gazprom has lost its first place among the 100 largest Russian companies to Rosneft, going down to third, with a market capitalisation of \$59.9 billion (Sputnik, 2017).

- (3) An analysis of the impact of sanctions to Russia following the crisis in Ukraine and the events in Crimea shows contradictory factors. First of all, these sanctions did not affect the trade of energy resources, which was much more affected by the low prices of oil. Second, the sanctions mainly affected the Russian food sector, largely dependent on imports, which led to an increase in prices (Boaretto, 2016). As a counter-trend effect, in 2015, Russia overtook the USA's production of wheat (Rossi, 2016). Third, Russia's reaction to these sanctions triggered a debate within the elite with possible interesting repercussions for the energy sector. Not only is data on wheat production of interest, but also the fact that agricultural exports were higher than the exportation of weapons. The sanctions are making part of the Russian elite change the economic model centred on the export of oil and gas. At least this is the intention of the CEO of Sberbank, the main Russian bank, who points to the need of changing the drivers of the economy, concerned as he is with the depletion of reserves. Countering this view is the current Energy Minister, according to whom hydrocarbons will remain the basis of world power during the next three decades, while reserves will be able to account for domestic needs and exports for the next 40 years (Rossi, 2016). Whether or not there is a substantial change in the Russian economic model, the

sanctions will make Russia's turn to east even more accentuated. However, Russia's problem with the east remains, i.e. to not become dependent on China. To this end, Rosneft has sealed agreements with Indian State companies (Reuters, 2016).

- (4) The Russian economic crisis of 2014/2015 and the energy market. The agreement between OPEC and non-OPEC countries represents a turning point for the global energy market and can revert the Russian economic crisis. As argued, the agreement between OPEC and non-OPEC countries is an attempt at international cooperation between producers with the aim of regaining balance in the energy market. In this agreement it was decided to cut production by 1.2 million barrels a day. Although the rise in prices following the agreement was ambiguous<sup>3</sup>, we are far from a scenario in which oil prices are reaching 30 dollars, as happened in the beginning of 2016. Before this scenario, it is important to sum up some of the key events happening in the Russian economy during the last two years. The low oil prices starting halfway through 2014, in a combined effect with the sanctions, weakened the Russian economy tremendously, extending its crisis until 2016, when an opposite trend can be noticed. An important piece of data: inflation in 2015 was approximately 13% and the national currency depreciated to its lowest level, with an exchange value of 84 RUB/USD on 21 January 2016 (Floros, 2016a). This currency market scenario is even more disastrous when compared to that at the end of 2016, when an exchange value of 85RUB/USD made the Russian Central Bank, in just one night, raise the interest rates from 6.5% to 17% as a measure to save its own currency (Scott, 2016). It is a fact: with the low prices of Brent (in January 2016 prices were approximately 30\$/b<sup>4</sup>), Russia was faced with the possibility of making its own economy lose \$200 million a day, \$70 billion a year, the equivalent to its national reserve fund (Scott, 2016). The implications for an economy that gets over 50% of its revenue from the energy sector prefigure a possible default scenario. Let us bear in mind that the Russian economy had, in 2015, a negative performance of 3.8%. However, this situation was reversed in the second half of 2016 through a slight increase in oil prices. The movement of the dollar in the stock exchange was also a containment factor. The exchange between \$/€ stabilised in January 2016 (Florosb, 2016) and, at the end of 2015, the Federal Reserve made public its decision to increase the interest rates in 2016, as it did in fact, which marked the beginning of a strong dollar phase (RT, 2016). This scenario marked by a strong dollar, a weak rouble and a low oil price is not necessarily negative for Russia in the short term. Russian companies pay their expenses in (weak) roubles and sell oil

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3 On 30 November 2016, Brent crude closed at 50.44 \$/b and on 31 January 2017 at 55.70 \$/b. At the first market session of 2017 it opened at 57.05 \$/b, but the markets' enthusiasm quickly died away, as this did not have the expected effect, i.e. a constant rise in prices.

4 Future Petrolio Brent – Lug 2017 (LCON7), 2017. Available at: <https://it.investing.com/commodities/brent-oil-historical-data> [Accessed on 8 March 2017].

in the global market receiving (strong) dollars. This happened in the first half of 2016 and throughout that year the rouble appreciated to an exchange value of 61 RUB/USD in January 2017<sup>5</sup>. An important turn for the Russian economy and the appreciation of the rouble was the announcement and preparation of the 30<sup>th</sup> of November OPEC meeting for the reduction of oil production throughout 2016. In 2016, the rouble appreciated due to an abatement of pressure from the currency market, Russian inflation decreased, exports increased and the industrial output increased (World Bank, 2017). These improvements in the Russian economy are not stable, since they are dependent on the energy market. However, the agreement between OPEC and non-OPEC countries was important not only for the global energy market but also geopolitically. The most interesting fact is that Saudi Arabia is reversing its own policy of low oil prices and converging with Iran, its historical rival, and that Russia is complying with this agreement. The rise in oil prices also helps the sector of unconventional gas production in the USA. Many uncertainties clearly remain, beginning with the relationship between the US administration and Iran, which will be an important test rig for the relations with Russia.

## Russia-EU and Pipeline Geopolitics

Until now, some points are clear: Russia's international goals are closely linked to the energy market, the crisis in the energy market had strong repercussions in the Russian economy, Moscow came out of this crisis in a frail State without, however, having changed its policy strongly centred on the oil and gas trade. How, then, has this power configuration related to Europe? To answer this question, it is important to reconstruct the several stages into which the trade of energy resources between Russia and the EU is organised, considering that this is the sector capable of sparking more geopolitical tensions.

- (1) One of the goals pursued by Russia is the diversification, not only of its buyers, but also of its transit routes. The South Stream project, before failing to succeed in view of Bulgaria's unavailability, had been envisaged with this in mind. Promoted and funded by Gazprom, ENI, EDF and Wintershall, crossing the Black Sea, it proposed to carry gas directly to the consumers of southern and central Europe, bypassing Ukraine. Although this project was aimed at changing the transit routes, it did not solve the question of diversifying the sources for Europe.
- (2) In opposition to the South Stream, a flag project was launched by the EU: Nabucco, a pipeline aimed at carrying gas from Azerbaijan to Austria. This would have only partially solved European concerns about diversifying its suppliers, since it would not have carried enough gas to constitute a greater autonomy in

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5 Grafici XE Currency: USD a RUB, 2016. Available at: <http://www.xe.com/it/currencycharts/?from=USD&to=RUB&view=1Y> [Accessed on 8 March 2017]

relation to Russia. Furthermore, extraction and transport from the Shah Deniz field in Azerbaijan (led by British Petroleum) does not seem to be financially sustainable, a shortfall added by a lack of immediate capital (Floros, 2012). Then, a hypothesis was formulated, according to which the countries involved in this project, together with other EU countries, would invest in the Trans-Caspian pipeline (TCP), which would ensure the supply to the EU countries of gas from the Caucasian republics. The legal status of the Caspian Sea, however, is not defined and, for a pipeline to be built, all countries bathed by this sea (among which, the Russian Federation) would have to give their approval to the project. Moreover, quite problematic for the TCP, the only pipeline that made the Nabucco project financially sustainable is the role of Turkmenistan, which has signed agreements to make its own gas transit into Russia.

- (3) The Nabucco project failed and the group of companies operating in the Azeri field opted for the TAP (Trans-Adriatic Pipeline) project. This pipeline passes through Turkey to get to Greece, Albania and then Italy. However, this pipeline does not have a high transport capacity, which contradicts the European strategic goal of diversifying its sources (Rodrigues, L. and Ribeiro, J. F., 2011). Although there are many destination countries for the gas transported by the TAP, the amount of transported gas is significantly smaller than what was predicted in the Nabucco project. This strengthens the Russian position because it does not restrict it to the European market, it deprives Eastern European countries of access to alternative suppliers and allows Russia the possibility of consolidating its own relationship with the countries of Southeast Europe, excluded from the Southern Energy Corridor. Looking coldly at the facts, it is not risky to state that Russia won the geopolitical struggle between Nabucco and the South Stream, since, although both projects did not materialise, the absence of a concerted European policy for diversifying its suppliers is patent. Moreover, the strategic lines of the South Stream are present, within a different geopolitical context, with the progress in the planning of the Turkish Stream. As is the case with every pipeline, the Turkish Stream defines industrial and foreign policy relations. This project, which had been frozen following Turkey's shoot-down of a Russian fighter, was resumed due to the rapprochement between Moscow and Ankara following the attempted coup in Turkey. The Turkish Stream in particular reflects the contradiction of the political and military relations within NATO, between Turkey and the USA on the one hand, and the economic and energetic interests between Turkey and Russia on the other. This contradiction might extend to the European transit countries. However, what is still not clear – and here one of the important futures for the European energy system is at stake – is whether the Turkish Stream will take the decision of Continental Europe or pass through the south. The scenario being drawn is the rise in Russian gas exports to Europe, with a north axis that includes the expansion of the North Stream joining Germany and Russia, and a south axis – where, nevertheless, Turkey (not Italy,

nor any other EU member) will be the main candidate to energy hub. This, however, would imply moving the geopolitical barycentre of Ankara even more towards the Kremlin.

## Conclusions

The analysis presented sought to verify the hypothesis put forward in the introduction, i.e. that the Russian strategy of establishing relations with Europe has been based on the conviction that European countries are incapable of carrying out a policy that will diversify its energy suppliers. In this sense, it was argued that the geopolitical tensions between Europe and Russia derived from issues concerning transit countries and from disputes related to the construction of pipelines aimed at finding alternative geopolitical configurations that do not, however, solve the European needs to find other suppliers.

It follows, from the above, that the economic and power block leading the Russian Federation today has invested – over the years, since Putin’s inauguration – in merging the energy sector with the interests of the State, both nationally and internationally: the Russian economy depends on this sector, on which its foreign policy also relies as its main vector of force. This choice, however, strongly binding Russian economy, has prevented the emergence of other economic sectors that would make this country’s economy more flexible in the face of unfavourable economic circumstances. A look at Russian economy during the last years makes it all the more evident.

Another aspect made clear by our analysis is that, although Europe still lacks the strength to deal with Russia, Russia also continues to depend on its European buyers. This means that Russia’s capacity to take advantage of the contradictions within the EU derives from the latter’s absence of a common energy policy. Yet to be explained are the reasons for this absence or whether this absence is a result of the impossibility of reaching an agreement among EU members, either for internal reasons or reasons that go beyond the energy market. Most probably, a joint European policy aimed, on the one hand, at stabilising relations with Russia and, on the other hand, at strongly investing in infrastructure capable of making Europe less dependent on Russian gas, would be a solution that would change the terms of negotiation with Russia, reducing Europe’s current disadvantage. At the same time, the crisis in Ukraine speeded up energy relations between Russia and China. Yet, the threat of a complete turn to the East does not seem very likely since Russia is also not interested in becoming dependent on China, preferring instead to diversify its buyers. Nonetheless, although Russia continues to favour its relations with Germany, through the expansion of the Nord Stream, it is also true that, in terms of infrastructural initiatives for the south and southeast regions, Europe is paying a price for its indecision and the geopolitical context has made Turkey the potential candidate to hub for the distribution of Russian gas. In this way, besides not being able to choose between suppliers, if the “Turkish option” materialises, Europe will also have to negotiate the distribution of gas with Turkey. An alternative would be to search for State companies such as ENI that would be willing to take part in the construction of this pipeline and thus remove Turkey from the scenario.

A divided Europe risks not being able to fulfil its attempt to diversify suppliers while investing in a surplus production from the USA. As shown, one of the outcomes of the agreement between OPEC and non-OPEC countries was the creation of more favourable conditions for the unconventional sector. However, an obstacle remains: political understanding as a necessary basis for a policy of EU investments aimed at the infrastructural modernisation of gas processing and distribution.

As suggested in the introduction, and analysed within this chapter, we believe that Russia on its own is unable to change the international order but, with its foreign policy centred on energy resources, it is a major actor for change. Hence, it becomes secondary to attempt to determine whether Russia is a revisionist power or not. Post-Second World War international organisations acknowledge the centrality of Russia, a member of the United Nations Security Council. However, before a possible change in this order may take place, Russia also wants to be a decisive factor. Nevertheless, when compared to the USA or China, Russia is not a model of development for other countries. This is one of the aspects that distinguish Russia today from the USSR. Therefore, its capacity to be at the centre of the international order depends much more on a deflationist use of power, i.e. on its capacity to activate different levels of constriction in its relations with other States, as witnessed by its choices of establishing relations with the EU.

From a theoretical point of view, it is useful to draw attention to the ‘risks’ and ‘threats’ categories, as they have much to say about potential critical scenarios for an energy relation of strict energy dependence (Duarte and Fernandes, 2011). Not only because Russia represents a direct threat for Europe, but also because strict dependence on a single country represents a high risk. An unfavourable economic climate, with worse consequences than what happened between 2014 and 2016, can have strong repercussions in the Russian economic and energy system, which in turn can have a direct impact on European energy security. Likewise, such a strict dependence makes a direct threat to Russia an indirect threat to its energy relationship with the EU.

It can be concluded, then, that the strict dependence between energy sector, domestic economy and State interests that characterises the Russian government elevates the Russia-EU relationship to a high level of constriction. European energy security is, therefore, the main field for Moscow and the EU to establish relations. The future of European energy security depends on the EU’s capacity to create the conditions to implement an energy security strategy that is in line with its community goals, in order to reduce this dependence.

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