

## WHERE THE LIONS ARE

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# GAZPROM'S "ENERGETIC PLIERS" AND ASPIRATIONS OF A EURASIAN ARCHIPELAGO: THE GEOPOLITICS OF RUSSIA'S NETWORKED ENERGY INFRASTRUCTURE



By John R. Haines

*August 2015*





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FOREIGN POLICY RESEARCH INSTITUTE

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*“I sit on a man's back, choking him, and making him carry me, and yet assure myself and others that I am very sorry for him and wish to ease his lot by any means possible, except getting off his back.”*

Leo Tolstooi, “*Writings on Civil Disobedience & Nonviolence*” (1886)

*“We intend to retain state control over the gas pipeline network in the former Soviet republics...”<sup>1</sup>*

President Vladimir Putin

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In a recent essay, George Friedman wrote with admirable clarity about an intelligence truism that is at one and the same time elemental and frequently overlooked:

“The entire principle of strategic intelligence is to ruthlessly discard the subcritical noise that is being collected in order to identify the center of gravity of events. A tiny hint may sometimes draw attention to a major process, particularly in military affairs. Finding that tiny hint, however, requires huge amounts of time and effort, and little time is left to understand the meaning. Moreover, in many cases, the process is in plain sight. The trick is to see it, and the even harder trick is to believe it.”<sup>2</sup>

With that charge, the objective of this essay is to look at Russia’s network of natural gas pipelines and ethnic enclaves in its near abroad in the interest of exploring whether and how the two intersect. The initial hypothesis is that ethnic separatism is instrumental to the former in two fundamental ways. First, these enclaves are located geographically along major energy

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<sup>1</sup> Quoted in Viacheslav Morozov (2007). “Energy Dialogue and the Future of Russia: Politics and Economics in the Struggle for Europe.” In Aalto, P., ed. *The EU-Russian Energy Dialogue: Europe’s Future Energy Security*. (Aldershot, UK: Ashgate), pp. 43-61. The quote is from a February 2003 speech by President Putin marking Gazprom's tenth anniversary, the Russian language text of which is available at <http://kremlin.ru/events/president/transcripts/21873>. Last accessed 1 June 2015.

The main title “Where the Lions Are” is from the Polish intellectual Czesław Miłosz, who used it to describe the “white space on the map” between Russia and Germany. See: Miłosz (1983). *The Witness of Poetry; The Charles Eliot Norton lectures 1981/82*. (Cambridge: Harvard University Press), p. 7. The term *energetic pliers* is taken from a paper by Cosmin Gabriel Pacuraru (2012). “The Pressure Groups Relationship in the Romanian Energetic Security Problem.” *Challenges of the Knowledge Society*. 2(2012).

The translation of all source material is by the author unless otherwise noted.

<sup>2</sup> George Friedman (2014). “Taking the Strategic Intelligence Model to Moscow.” *Stratfor Geopolitical Weekly* (2 December 2014). <http://www.stratfor.com/weekly/taking-strategic-intelligence-model-moscow#axzz3Kw9VXdet>. Last accessed 4 December 2014.

pipeline routes, often at key junctures in pipeline networks. Second, they sit atop substantial shale gas reserves, the determined exploitation of which would decisively undercut Russia's natural gas oligopoly. They constitute specific, identifiable “spheres of privileged interests” in Russian foreign policy.<sup>3</sup>

The idea for this essay began with a conversation with a Moldovan diplomat about Transnistria, a separatist region of his country that has amassed a staggering debt—in excess of \$5 billion—for the purchase of Russian natural gas. Russia's use of this debt to exert political pressure on Moldova is a story broadly understood.<sup>4</sup>

The conversation led me to reflect more broadly about Russian geopolitical goals and actions in the region, especially the association between two factors: Russia's natural gas oligopoly and its use of ethnic enclaves and Gazprom's network of natural gas pipelines that checkerboard the region. That relationship, it will be argued, is the basis for Russia's attempt to redraw the map of Eurasia.

Political boundaries divide geographic space into political units.<sup>5</sup> Yet some networks—such as natural gas pipelines or ethnic groups—are dispersed across national borders. At times, these cross-border networks are so potent as to supersede political geography. When such networks are powerful, they reduce the influence of political boundaries and restructure territory based on their own geospatial dimensions.<sup>6</sup>

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<sup>3</sup> Russian President Dmitri Medvedev first used this phrase in a 31 August 2008 interview. See: Dmitri Trenin (2009). “Russia's Spheres of Interest, not Influence.” *The Washington Quarterly*. 32:4. <http://www.tandfonline.com/doi/pdf/10.1080/01636600903231089>. Last accessed 16 December 2014.

<sup>4</sup> Nicu Popescu & Leonid Litra (2012). *Transnistria: A Bottom-Up Solution*. European Council on Foreign Relations Policy Brief (September 2012), p. 5. [http://www.ecfr.eu/page/-/ECFR63\\_TRANSNISTRIA\\_BRIEF\\_AW.pdf](http://www.ecfr.eu/page/-/ECFR63_TRANSNISTRIA_BRIEF_AW.pdf). Last accessed 15 January 2015.

<sup>5</sup> Ali Haydar Alptekin (2010). “Making the 'Heart' of Russian Territorialization: Railways and Moscow Railway Stations.” Thesis submitted to the Graduate School of social Sciences of Middle East Technical University (December 2010), 2-3. <https://etd.lib.metu.edu.tr/upload/12612826/index.pdf>. Last accessed 2 June 2015.

<sup>6</sup> The author adapted this definition from one offered by Andreas Hepp (2009). “Differentiation: Mediatization and Cultural Change,” in Knut Lunby, ed., *Mediatization: Concept, Changes, Consequences*. (New York: Peter Lang), 149. [http://www.andreas-hepp.name/hepp\\_2009.pdf](http://www.andreas-hepp.name/hepp_2009.pdf). Last accessed 15 January 2015.

## CHAPTER 1: EURASIA AND EURASIANISM

In analyses of Russian foreign policy much has been made about the supposed revival of geopolitics in Eurasia. The British geographer Sir Harold Mackinder developed what came to be known as his “Heartland” theory. He postulated that whoever controlled Eastern Europe could control the Heartland’s extensive resources—in effect, Russia and the Black Sea—and thus dominate Eurasia. More recent analysis has emphasized the overlap between energy transport networks and Eurasian politics, with Sara O’Hara rewording Mackinder to declare, “Who controls the export routes, controls the oil and gas; who controls the oil and gas, controls the heartland.”<sup>7</sup>

Thinking about Eurasia also has a deep history in Russian—with connections to the question of Russian revanchism. Russian writer Aleksandr Panarin, for example, began in the 1990s to revive ideas about Eurasianism that first emerged in the 1920s. As Panarin candidly asserted, “Eurasianism today is, above all, a pseudonym for aspirations to restore the integrity of the post-Soviet space.”<sup>8</sup>

But as Natalia Morozova has noted, Eurasianism defined as the conquest of all of Eurasia does not accurately describe Russian policy. “Practically, however, Moscow no longer claims exclusive Soviet-style control over the post-Soviet space.”<sup>9</sup> Because of this, Morozova asserts that while *Eurasianism* may be “invoked in order to attach some moral significance to the principle of the territorial integrity of the Russian state,” what Morozova calls “the ideocratic core of Eurasianism” is relegated to the margin of Russian geopolitical discourse.<sup>10</sup>

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<sup>7</sup> The British geographer Sir Harold Mackinder was an early modern geopolitical thinker who developed what came to be known as his “Heartland” theory. He postulated that whomsoever controlled Eastern Europe could control the Heartland’s extensive resources—in effect, Russia and the Black Sea littoral—and thus dominate the world (“Who rules East Europe commands the Heartland; Who rules the Heartland commands the World-Island; Who rules the World-Island commands the World.”). For O’Hara’s later rewording, see: Sarah L. O’Hara (2004). “Great game or grubby game? The struggle for control of the Caspian.” *Geopolitics*. 9:1, pp. 138-160. See: Corey Johnson & Matthew Derrick (2012). “A Splintered Heartland: Russia, Europe, and the Geopolitics of Networked Energy Infrastructure.” *Geopolitics*. 17:3, p. 482. Of course in one sense, “The most fundamental of all the elements of national power is sheer location on the globe.” See: David J. M. Hooson (1966). *The Soviet Union – A Systematic Regional Geography* (London: University of London Press), 338.

<sup>8</sup> Aleksandr Panarin (1995). “Евразийство: за и против, вчера и сегодня.”

*Вопросы Философии*. (6), 8. The English translation of the article’s title is “Eurasianism: pros and cons, yesterday and today” [Russian transl.: *Yevraziystvo: za i protiv, vchera i segodnya*]. The article appeared in the Russian journal, *Questions of Philosophy* [Russian transl.: *Voprosy Filosofii*].

<sup>9</sup> *Ibid.*, 672.

<sup>10</sup> *Ibid.*, 677, 680.

Rather than seizing territory outright, Vadim Tsimburskii's geopolitical construct *Island Russia* is a more useful lens for understanding Russian policy.<sup>11</sup> A contemporary of Panarin, Tsimburskii was a Russian classicist and amateur grand strategist. He postulated the notion of Russia as an island, shielded from direct political or economic dependence on the West by a belt of marginalized East European “stream-territories.” Thus, the dissolution of the Soviet Union, “rather than being a 'geopolitical catastrophe' [...] signified Russia's 'return' to its island-identity.”<sup>12</sup> According to Tsimburskii, Russia is an island within a hostile sea of European, Caucasus, Middle Eastern, and Central Asian states. Defending the “island’s” periphery is therefore a crucial strategic goal.<sup>13</sup>

In contrast to the notion of conquering Eurasia outright, the island metaphor implies irredentism of a very different sort. Declaredly non-expansionist, modern Russia “inherited” the “Great Periphery”. Tsimburskii postulates *Island Russia* as an insular theory of geopolitics that allows the nation to survive imperial phases of its history.<sup>14</sup> In Tsimburskii's construction, Russia should think of the Great Periphery as a single “chessboard, devising a geostrategy to neutralize the most troublesome developments in Eurasia while simultaneously enhancing Russia's geostrategic leverage.”<sup>15</sup>

One critical element of conceptualizing Russia as an island rather than a land empire is the necessity of a distinctly un-Westphalian conviction that sovereignty is not a legal construct, but rather, the capacity to act.<sup>16</sup> Vladislav Surkov, one of Russian President Vladimir Putin’s top political advisers, summarized the concept in a February 2006 speech: “Sovereignty is the political synonym of competitiveness.”<sup>17</sup>

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<sup>11</sup> Vadim Tsymburskii (1993). “Остров Россия: Перспективы Российской Геополитики.” *Полис* (5:1993). The English translation of the title is “Island Russia: The Prospects of Russian Geopolitics” [Russian transl.: *Ostrov Rossiia: Perspektivy Rossiiskoi Geopolitiki*]. It appeared in the bimonthly Russian language political science journal, *Polis*, the full name of which is *Политические Исследования* [English: *Political Studies*. Russian transl.: *Politicheskiye Issledovaniya*].

<sup>12</sup> Alexander Astrov & Natalia Morozova (2013). “Russia: geopolitics from the heartland,” in Stefan Guzzini, ed. *The Return of Geopolitics in Europe? Social Mechanisms and Foreign Policy Identity Crisis*. (Cambridge: Cambridge University Press), 205.

<sup>13</sup> Morozova (2009), *op cit.*, 680-681.

<sup>14</sup> Suggested by Morozova (2011). *The Geopolitics of Russian Post-Soviet Identity: Geopolitics, Eurasianism, and Beyond*. Thesis submitted to Central European University Department of International Relations and European Studies, 194. <http://www.etd.ceu.hu/2012/iphmon01.pdf>. Last accessed 4 December 2014.

<sup>15</sup> Morozova (2011), *op cit.*, 196.

<sup>16</sup> Ivan Krastev & Mark Leonard (2014). “The New European Disorder.” *European Council on Foreign Relations*. 117 (November 2014), 3. [http://www.ecfr.eu/page/-/ECFR117\\_TheNewEuropeanDisorder\\_ESSAY.pdf](http://www.ecfr.eu/page/-/ECFR117_TheNewEuropeanDisorder_ESSAY.pdf). Last accessed 4 December 2014. Krastev & Leonard extend the “island” metaphor in another direction to suggest that Europe is “facing its 'Galapagos moment'.” They write, “It may be that Europe’s post-modern order has become so advanced and particular to its environment that it is impossible for others to follow. It evolved in a protective ecosystem, shielded from the more muscular, 'modern' world where most people live.”

<sup>17</sup> “Суверенитет—это политический синоним конкурентоспособности.” Transcript of Remarks by Deputy Head of the Presidential Administration and Assistant to the President, Vladislav Surkov, to the students of the Centre

Return, then, to Tsimburskii's literary trope *Island Russia* and recall his imperative—"The crucial task of Russia in this constellation is to develop a conscious geopolitical strategy in the Great Periphery"—with specific attention to its western sector.<sup>18</sup> That the West is challenging Moscow's hegemony on Russia's Western border is indisputable, as the expansion of NATO, the European Union, and other forms of Western influence show.<sup>19</sup> Returning to Tsimburskii, how might Russia act to "neutralize troublesome elements" and improve its geostrategic leverage? Put another way, what is Russia's breakwater against this metaphorical "threatening Sea"?

The Kremlin has an archipelago of territorial enclaves across the borderlands that divide Russia from Europe. Russia has many such enclaves, from Transnistria and Gaugazia in Moldova to Odessa and Transcarpathia in Ukraine.<sup>20</sup> And much like China in the South China Sea, Russia labors assiduously to "reclaim" others—in northeastern Bulgaria, and southwest and north central Romania—which for the moment are "submerged" beneath the rival sea of the European Union and NATO. Linking these metaphorical islets are historic ethnic differences and the network of Russian energy transmission pipelines that transit the region.

Natural gas is the common denominator. Russia's geopolitical strategy depends upon its archipelago of enclaves in two ways. First, they are critical waypoints for Russian energy exports heading west. Second, they serve as virtual frontier outposts that help Russia block the exploitation of shale gas reserves, thereby checking the threat to Russia's natural gas oligopoly. The result is effective political control without explicit territorial domination. An empire made up not of one large landmass, but an archipelago.

As a geopolitical strategy, Russian strategy is indebted to the 19<sup>th</sup> century American naval strategist Alfred Thayer Mahan, for whom control of Cuba, Puerto Rico and Jamaica was imperative because it bestowed control of critical Caribbean Basin sea lines of communication.

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Party education and training of United Russia, 7 February 2006.

<http://www.rosbalt.ru/main/2006/03/09/246302.html>. Last accessed 4 December 2014.

<sup>18</sup> John Neubauer chooses this as the title of his insightful 2003 essay, "What's in a Name? Mitteleuropa, Central Europe, Eastern Europe, East-Central Europe." *Kakanien Revisited* (7 May 2003).

<http://www.kakanien.ac.at/beitr/theorie/jneubauer1.pdf>. Last accessed 6 December 2014

<sup>19</sup> A. Wess Mitchell (2009). "CEPA Commentary: The Perils of Losing Mitteleuropa." Center for European Policy Analysis. <http://www.cepa.org/content/perils-losing-mittleuropa>. Last accessed 5 December 2014. Not surprisingly, the *Pravda* columnist took a different view, writing "The greater immediate problem for Central Europe comes from an America that prefers to see old Mitteleuropa, right up to the borders of Russia, as its sphere of influence simply because it won the Cold War."

<sup>20</sup> Though outside the scope of this essay and a subject in its own right, the same might be said for eastern Ukraine's Donbas, which is believed to hold substantial shale gas reserves.

Central and Eastern European territorial enclaves, like those Caribbean Basin islands, control critical energy transmission routes and stand athwart shale gas reserves.<sup>21</sup>

Mapping of Russian strategic interests shows a remarkable symmetry to the United States. For America in Mahan's time, control of Caribbean Basin sea lines of communication and associated chokepoints was critical.<sup>22</sup> For today's Russia, an island on the Eurasian landmass, its sea lines are gas pipelines and its chokepoints are key transmission nodes. Russian power is not so much about military control as it is about mastering resources and infrastructure.<sup>23</sup> Russia's pipeline's are redrawing the map of Europe by establishing lines of political influence that contradict those of existing nation states.<sup>24</sup>

Thus the central argument of this paper: Russia's networked energy pipeline infrastructure challenges the ways in which Eurasian geography should be understood.<sup>25</sup> Taking Tsimburskii's claim that Russia exists in a "threatening sea," it is worth considering British historian Sir Julian Stafford Corbett's assessment; "Command of the Sea...[is] usually in dispute, with neither party to a conflict in absolute control."<sup>26</sup> Compared with the West, Russia is more comfortable with the existence of unresolved conflicts in its neighboring sea.<sup>27</sup>

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<sup>21</sup> Mahan also makes the case that that political conditions generally, and social or political upheaval specifically, can negate a site's strategic value. He dismissed Haiti as a base for just that reason: "The country's constant revolutionary upheaval, or sociopolitical 'nothingness,' rendered it 'an inert obstacle' to United States maritime strategy." See: Andranik Migranyan (1993). "Vneshnyaya Politika Rossii: Tri Vzgl'yada," *Moskovskie Novosti*. Quoted in Morozova (2014), 8.

<sup>22</sup> The United States Defense Department named eight international regions as "U.S. Lifelines and Transit Regions." See: United States Department of Defense (1996). *National Security and the United Nations Convention on the Law of the Sea*, 2<sup>nd</sup> edition [January 1996]. (Washington, DC: USDOD), 6. [http://www.dod.mil/pubs/foi/International\\_security\\_affairs/other/876.pdf](http://www.dod.mil/pubs/foi/International_security_affairs/other/876.pdf). Last accessed 11 December 2014.

<sup>23</sup> Johnson & Derrick (2012), 495.

<sup>24</sup> Robert E. Ebel (2009). *The Geopolitics of Russian Energy: Looking Back, Looking Forward*. (Washington, D.C.: Center for Strategic & International Studies), 38.

[http://csis.org/files/publication/090708\\_Ebel\\_RussianEnergy\\_Web.pdf](http://csis.org/files/publication/090708_Ebel_RussianEnergy_Web.pdf). Last accessed 11 December 2014.

<sup>25</sup> *Ibid.*, 483.

<sup>26</sup> See: Julian S. Corbett (1911). *Some Principles of Maritime Strategy*. (London, Longmans, Green & Co), 87. The full quote is from Moffat (2001), *op cit.*, 20. Corbett's acceptance of this ambiguity has led some to claim that he "was a more pragmatic and therefore, a more effective strategist than Mahan." See for example: Lieutenant Commander Ian C.D. Moffat (2001). "Corbett: A Man Before His Time." *Journal of Military and Strategic Studies*. 4:1, 11.

<sup>27</sup> Naama Haviv (2006). "Haviv on Lynch, 'Engaging Eurasia's Separatist States: Unresolved Conflicts and de Facto States.'" *H-Genocide* [published online February 2006]. <https://networks.h-net.org/node/3180/reviews/6285/haviv-lynch-engaging-eurasias-separatist-states-unresolved-conflicts-and>. Last accessed 12 December 2014.

## CHAPTER 2: “ENCLAVES OF OTHERS.”

A territorial enclave is a geographic space occupied by an unrecognized or a partially recognized state and enclosed within the territory of a sovereign state. They are “small splinters, lying deep in the flesh of the surrounding state,” in Evgeny Vinokurov's colorful description. Territorial enclaves may be the product of several antecedents—irredentism, separatism, revanchism, nationalism—of which regional examples abound:

- Hungarian irredentism in north central Romania's Székely Land and western Ukraine's Transcarpathia.
- Romanian irredentism in Moldova's Bessarabia and Bukovina, Ukraine's Budzhak, and northeast Bulgaria's Southern Dobrudja.
- Ethnic separatism in Moldova's Gagauzia and Taraclia.
- Russian revanchism in Transnistria.
- Nationalism across the region.

The capacity of a territorial enclave to disrupt otherwise constructive and peaceful relations may be markedly disproportionate to its population and land area. Witness Switzerland's “eternal irritation,” Büsingen am Hochrhein, a 7.6 square kilometer German enclave of some 1500 inhabitants that is the subject of several complex international treaties.

Following Trotsky's classic prescription that “Every state is founded on force,” it is longstanding Russian practice to construct ersatz republics around ethnic enclaves for specific geopolitical ends. Witness the Karelian Autonomous Soviet Socialist Republic in 1923 in the aftermath of the East Karelian Uprising (1921-1922) by ethnic nationalist Fennomans. That same year, the Buryat-Mongolian Autonomous Soviet Socialist Republic was established in response to persistent pan-Mongolist unrest.<sup>28</sup> Each was a political response to a complex admixture of ethnic, regional, and socio-economic issues.<sup>29</sup> Moldova, Transnistria, and

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<sup>28</sup> While Russia's titular ethnic republics account for 29 percent of the Federation's territory, only four of thirty-one (North Ossetia-Alania, Tuva, Checheno-Ingushetia, and Chuvashia) had an absolute majority of the titular ethnic group. See: James Hughes & Gwendolyn Sasse (2002). *Ethnicity and Territory in the Former Soviet Union: Regions in Conflict*. (New York: Frank Cass Publishers), 41. To this should be added that Russia also recognizes the potential for the creature to mutate and turn back against Russian interests: in October 2013, Russian Prime Minister Dmitry Medvedev told the congress of the United Russia party that state officials must oppose ethnic enclaves in Russian cities. See: “Medvedev opposes ethnic enclaves in Russian cities.” *RT* [published online in English 7 October 2013]. <http://rt.com/politics/russia-ethnic-enclave-medvedev-829/>. Last accessed 4 December 2014.

<sup>29</sup> Hughes & Sasse (2002), *op cit.*, 24.

Romania have longstanding territorial questions that have attracted Russian interest—and which Moscow has used for its own ends on multiple occasions.<sup>30</sup>

### A. Reterritorialization and Border Regions

The 2007 Treaty of Lisbon amended the constitutional basis of the European Union. Article 3 explicitly recognized “territorial cohesion” as a fundamental objective in addition to economic and social cohesion. Article 4.2 established a local and regional right to self-government, including the right to form regional parliaments with power to legislate. But the European Union’s recognition of regions within countries has also undermined nation-states’ claim on political power and encouraged sub-units to expand their influence. In doing so, recent decades have undermined the Westphalian system and fueled “splitting scenarios” in the EU’s central and eastern states.<sup>31</sup> This has contributed to renascent ethnic separatism. The EU has celebrated this process insofar as it has diminished the influence of nation-states, but in the EU’s eastern borderlands they corresponded with rising, bottom-up identity politics.<sup>32</sup>

The formation of these territorial subunits coincided with a general thawing of national borders at the end of the Cold War. The spread of the EU—and accompanying agreements to make borders less relevant in travel, business, and other spheres led to a second, unintended challenge to political territoriality—the “increase of sub-state regionalisms and autonomist or separatist nationalisms within states.”<sup>33</sup>

### B. Re-territorialization's Unintended Consequences: The Lower Danube Euroregion

The possibility of redrawn maps is most advanced in the Lower Danube region, where Romania, Moldova, and Ukraine currently govern divided multiethnic populations. In each of these countries, Russia has used ethnic minorities to further its geopolitical goals.

Established by a 1997 trilateral treaty, the Lower Danube was the first formal effort at cooperative cross border regionalism by Romania, Ukraine, and Moldova. The LDE is a

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<sup>30</sup> Aleksandr Dugin (1997). *Osnovy geopolitiki: geopoliticheskoe budushchee Rossii*. (Москва: Arktogeia), 343. Its English title is *The Foundations of Geopolitics: The Geopolitical Future of Russia*. Dugin’s book was described by one reviewer as a “Neo-Eurasian Textbook.” [John B. Dunlop (2001) in *Harvard Ukrainian Studies*, 25:1/2 (Spring 2001), pp. 91-127].

<sup>31</sup> “Separatism in Europe: current and medium term assessment.” *Slobodna Vojvodina* [online English language edition, 23 January 2012].

[http://www.slobodnavojvodina.org/index.php?option=com\\_content&view=article&id=1825:eu-analysis-europe-union-of-regions-rather-than-states&catid=49:english&Itemid=62](http://www.slobodnavojvodina.org/index.php?option=com_content&view=article&id=1825:eu-analysis-europe-union-of-regions-rather-than-states&catid=49:english&Itemid=62). Last accessed 9 December 2014.

<sup>32</sup> *Ibid.*, 92-93.

<sup>33</sup> James A. Anderson & Liam O’Dowd (1999). “Borders, Border Regions and Territoriality: Contradictory Meanings, Changing Significance.” *Regional Studies*. 33:7, 602.

<http://www.tandfonline.com/doi/pdf/10.1080/00343409950078648>. Last accessed 10 December 2014.

composite of the three Romanian provinces of Galați, Brăila Tulcea, two Moldovan provinces Cahul and Cantermir, and Ukraine's Odessa Oblast, which includes its sometimes-contentious Budzhak region.<sup>34</sup>

The Lower Danube region illustrates the many challenges that Eastern Europe's borders face. For example, the tri-state group initially intended to include Vulcănești,<sup>35</sup> the southernmost of three noncontiguous enclaves that comprise Moldova's Gagauzia Autonomous Territorial Unit (ATU). Vulcănești first declined then later petitioned unsuccessfully for entry. This no doubt reflected its entanglement in Moldovan political machinations over Transnistria specifically and federalization generally. A second Moldovan region, Taraclia, in which ethnic Bulgarians account for two-thirds of its population, similarly opted out from participating in the region after separating from Cahul in 1998.



Lower Danube Euroregion<sup>36</sup>

Geopolitics divides the Lower Danube Euroregion (LDE) into de facto western and eastern halves. The more important western half is bounded to the north by the Ukrainian city of Odessa and to the south by a three-nation convergence west of the Dniester River centered on the lower Danube. The fact that most of the western half was at one time or another part of Romania may explain why it is far more likely to participate in trans-border cooperation. The eastern LDE lies entirely within Ukraine north of the city of Odessa, and is separated from

<sup>34</sup> Budzhak (Russian, Ukrainian & Bulgarian: Буджак. Romanian: Bugeac) is a geographic region comprising the southernmost one-third of historic Bessarabia.

<sup>35</sup> Vulcănești is the district's Romanian name (Districul Vulcănești) and its main city. In Gagauz its name is Valkaneș.

<sup>36</sup> Source: Association of European Border Regions.

[http://www.aebr.eu/en/members/member\\_detail.php?region\\_id=113](http://www.aebr.eu/en/members/member_detail.php?region_id=113). Last accessed 10 December 2014.

Moldova to the west by Transnistria. This effectively isolates and marginalizes the LDE's eastern Ukrainian half from its tri-state western half.

Our focus is on the more interesting western LDE, which extends from the city of Odessa southwest across the Dniester River to the low-lying area where the three Danube distributaries empty into the Black Sea. It includes four historic regions that comprise the Odessa-Dniester-Danube borderland: in Dobrogea and southern Moldova in Romania; Budzhak in Ukraine; and Bessarabia in Moldova.



Historic Regions of the Western Lower Danube Euroregion<sup>37</sup>

The historical and geopolitical contours of the Odessa-Dniester-Danube borderland are complex even by the region's contentious standard.<sup>38</sup> Russia and Romania have had longstanding conflicts over the Lower Danube region. During the late 19<sup>th</sup> century, the process of defining national territories there was “increasingly associated with ethnic identity and historical rights of possession.”<sup>39</sup> The latest expression occurred when Ukraine and Moldova emerged as independent states in 1991, which altered the borderland's geopolitics even while its Soviet-era territorial configuration remained intact. Sizeable Romanian ethnic clusters in southwestern Ukraine and Moldova are the legacy of frequent Soviet-era territorial shifts,

<sup>37</sup> Source: “MapRegionsRomania”. Licensed under CC BY-SA 3.0 via Wikimedia Commons - <http://commons.wikimedia.org/wiki/File:MapRegionsRomania.png#mediaviewer/File:MapRegionsRomania.png>. Author's note: The Budzhak region of Ukraine's Odessa Oblast is identified on the map as “Bugeac,” its name in Romanian.

<sup>38</sup> The Danube Delta is the area downstream of the Danube's first bifurcation at Cheatal Chilia. A second bifurcation some 10km south of Tulcea forms the Danube's three distributaries or branches. From north to south, the three distributaries are the Chilia [Ukrainian: Кілійське гирло. Ukrainian transl.: *Kiliys'ke hyrlo*. Romanian: Brațul Chilia], the Sulina, and the St. George [Romanian: Sfântu Gheorghe].

<sup>39</sup> *Ibid.*, 172-173, 211.

creating conditions ripe for political opportunism and irredentist efforts to seize border areas from neighboring states.

Romania was especially conflicted. While its national government sought to extend political control into borderlands with significant Romanian populations—for example, northern Moldova and the Budzhak region of southwestern Ukraine (and farther south, Bulgarian North Dobruja)—it faced reflexive Hungarian ambitions in Romanian Transylvania.<sup>40</sup> In Moldova, the challenge of ethnic separatism in Transnistria, Gagauzia and Taraclia was worsened by a national government unwilling to eschew revanchist Romanian ambitions to (in Romania's view) reunify the two countries. Ukraine, too, faced challenges from ethnic separatists—*Kárpátalja* Hungarians and *Bugeac* Romanians—to say nothing of the permanent shadow cast by Russian revanchism.

In an ideal world, the Euroregion mechanism might override the identity-forming nature of borders. In reality, however, the Lower Danube region has acted as a buffer between the EU and Russia.

For the EU, the buffers check and contain immigration from the politically and economically unstable eastern borderlands.<sup>41</sup> Dingsdale claims outright that buffer states are “allocated the roles of filtering and absorbing migrants from other regions seeking to gain entry to the EU.”<sup>42</sup> Others call them a “shock absorber” that insulates EU member-states—or more accurately, those not contiguous to the borderlands—from troublesome asylum-seekers and migrant populations.<sup>43</sup> There is an unintended parallel here with the traditional Russian concept of boundaries as a defense line.<sup>44</sup> Rather than simple lines of demarcation—the Russian conception of *frontier* is not a line but a moveable space.<sup>45</sup> Buffer zones have “thickened” borders throughout (in Robert Kaplan's descriptive phrase) the shatter zones.<sup>46</sup>

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<sup>40</sup> Transylvania was and remains especially problematic because in its an interior region rather than a borderland.

<sup>41</sup> This conception relates directly to the United Nations High Commission for Refugees' principle of “first host country” or as it is known within the EU, the “safe third country” policy. That policy allows EWU member-states to consider an asylum-seeker's route in determining whether s/he could have sought refuge at a previous border, i.e., a “safe third country,” in which her or his asylum application could have been made. If so, the policy allows the asylum-seeker to be returned to that state.

<sup>42</sup> Alan Dingsdale (1999). “New Geographies of Post-Socialist Europe.” *The Geographical Journal*. 165:2, 145-153.

<sup>43</sup> Sarah Collinson (1996). “Visa Requirements, Carrier Sanctions, ‘Safe Third Countries’ and ‘Readmission’”: The Development of an Asylum ‘Buffer Zone’ in Europe.” *Transactions of the Institute of British Geographer*. 21:1, 76-90.

<sup>44</sup> Witold Maciejewski (2002). *The Baltic Sea Region: Cultures, Politics, and Societies*. (Uppsala: The Baltic University Press), 112.

<sup>45</sup> Sabine Dullin (2014). *La frontière épaisse. Aux origines des politiques soviétiques (1920-1940)*. (Paris: Editions de l'EHESS).

<sup>46</sup> Robert D. Kaplan (2009). “The Revenge of Geography.” *Foreign Policy*.

[http://www.colorado.edu/geography/class\\_homepages/geog\\_4712\\_sum09/materials/Kaplan%202009%20Revenge%20of%20Geography.pdf](http://www.colorado.edu/geography/class_homepages/geog_4712_sum09/materials/Kaplan%202009%20Revenge%20of%20Geography.pdf). Last accessed 19 May 2015.

Russia sees the EU (and NATO) exploiting the movable space of the middle zone as a staging area for eastward expansion. The Russian conception of *buffer zones* differs radically: rather than springboards for territorial expansion, buffer zones are territories designed to keep the West away from Russia's borders.

## CHAPTER 3: GAZPROM AND THE SPLINTERED HEARTLAND

### A. Introduction

Natural gas pipelines are the geopolitical infrastructure of European energy.<sup>47</sup> The extraordinarily high fixed cost associated with constructing energy pipelines gives enterprises like Russia's Gazprom substantial monopoly power. But pipeline owners are subject to a key vulnerability—political disruption—since the independent states these pipelines transit can block gas flow or siphon off gas for their own use.<sup>48</sup> On the other hand, transit countries have a robust self-interest to ensure the steady, secure flow of gas for both domestic consumption purposes and for the revenue they receive in the form of transit fees. This condition creates what is called an “asymmetric structure of interdependence.” It is *asymmetric* because no transit country can unilaterally impose significant costs on the supplier, even in the long run, since a transit country’s only economic lever is nonpayment. While that might be effective in theory, it is unsustainable since Gazprom can simply turn off the dissenter's gas supply.<sup>49</sup>

This asymmetry favors Russia. It is amplified by Gazprom's market power as a natural gas supplier. The only counter strategy available to a transit country (short of disrupting pipeline operations) is to embrace alternative energy sources. Disrupting gas supplies in the absence of alternative source constitutes economic suicide, since economies grind to a halt without a regular supply of energy. While some alternatives might be achievable in the longer term—for example, building pipelines to other suppliers or developing LNG infrastructure—the sole near-term option is to develop domestic energy sources. That means developing domestic

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<sup>47</sup> A quick primer is in order. A natural gas delivery system is comprised of three separate but interconnected pipeline systems, a *gathering pipeline system*, a *transmission pipeline system*, and a *distribution pipeline system*, respectively.<sup>47</sup> Our interest here is mostly with the transmission pipelines used to move large quantities of natural gas from processing plants located in production regions to often-distant local distribution systems. Transmission systems are designed as either trunk or grid “branch” type systems. Trunk transmission systems have fewer receipt points—usually at the beginning of its route—and fewer delivery points, interconnections with other pipelines, and associated lateral lines.<sup>47</sup> High pressure (200-1500psi) within the pipeline reduces the volume of the gas and propels it through the pipeline to a terminus known as a *gate station*. There, it is delivered through a distribution pipeline system to consumers.

<sup>48</sup> Erickson (2009), 35. Almost 80 percent of Russian gas exports pass through the Ukraine, with 11 percent further transiting Moldova.

<sup>49</sup> There is an extensive body of investigative literature that concludes Russia “employs a 'systematic policy of coercive bilateralism that includes diplomatic pressure, trade embargoes, transport blockades and...gas or oil supply contracts.” See: Peter Pomerantsev & Michael Weiss (2014). *The Menace of Unreality: How the Kremlin Weaponizes Information, Culture and Money*. Institute of Modern Russia [published online in English], 22. [http://www.interpretermag.com/wp-content/uploads/2014/11/The\\_Menace\\_of\\_Unreality\\_Final.pdf](http://www.interpretermag.com/wp-content/uploads/2014/11/The_Menace_of_Unreality_Final.pdf). Last accessed 15 December 2014. See also: David Satter (2014). *The Last Gasp of Empire, Russia's Attempts to Control the Media in the Former Soviet Republics*. Washington, D.C.: Center for International Media Assistance. [http://cima.ned.org/sites/default/files/CIMA-Russia%20report\\_David%20Satter.pdf](http://cima.ned.org/sites/default/files/CIMA-Russia%20report_David%20Satter.pdf). Last accessed 15 December 2014.

conventional natural gas and/or so-called “unconventional” shale gas. The effectiveness of this approach is limited if Gazprom also controls the domestic natural gas distribution pipeline system, however.

## B. Pipelines & Relational Geography

This section begins by asking a central question to the essay's thesis: To what extent are pipeline networks redrawing Europe's map?<sup>50</sup> A simplistic depiction of an energy pipeline is a line that connects two terminuses, one at the source and the other at the end-user. Yet pipelines do not necessarily connect all of the territory that they run through. Pipelines that connect two distant points—a Russian energy production site and a European distribution system—may primarily affect the end points.

Some critics argue that Russian energy pipelines function as “Mackinder Ascendant.”<sup>51</sup> But this fails to understand how the pipelines affect existing borders. Consider Mahan, who wrote that control of a single geographic point—in his example, Cuba—bestowed control of the Caribbean Basin's lines of communication without the necessity of controlling every square kilometer of the basin's maritime space.

Russia's pipeline strategy enforces a strict, one-to-one relationship with each transit nation. For Russian energy pipelines, it is “a topological relationship [that] effectively renders the intermediate territory a nonentity, making the nodes on either end of the connecting line disproportionately more important than the territory through which it passes.”<sup>52</sup> Those nodes include, as the author will argue, buffering enclaves that Russia uses to insulate critical pipeline nodes (and in some cases, to strand energy reserves, e.g., shale gas, that might challenge the Russian energy oligopoly) from the surrounding political cartography.

The author contends that Russia's Eurasian networked energy infrastructure challenges how geographic space is understood there. As Johnson and Derrick wrote, “In the case of the provision of natural gas...it is the intermediary places that are of most concern.”<sup>53</sup>

It is worth staying with this point for a moment since understanding the discrete, non-continuous character of Russian power is foundational to the author's argument. Russia is using gas pipeline nodes to create an archipelago of influence across Eastern Europe.

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<sup>50</sup> Johnson & Derrick (2012), 486.

<sup>51</sup> *Ibid.*

<sup>52</sup> Johnson & Derrick (2012), 487.

<sup>53</sup> *Ibid.*, 484.

### C. Comparative Re-Territorialization

It is fair to say the EU's effort over the past two decades to deemphasize political borders is not well understood in the United States, despite its important effect on severing links between state sovereignty and territory. Perhaps it is unfair to criticize Russia for possessing a better-developed understanding of the region's geography. The Kremlin has answered the question—To what extent is a network of steel pipes, in many ways the defining physical feature linking Eurasian space, territorial?—by expanding its writ by building gas pipelines across Eastern Europe.<sup>54</sup>

What of the different approaches taken by Russia and the EU to defining borders in an argued post-Westphalian landscape?<sup>55</sup> Each power challenged the status quo definitions of geographic space and territory in similar but different directions. The similarities are twofold. Both referenced historical and geopolitical contours to reshape territorial boundaries. Likewise, both approached borderlands instrumentally to advance a set of geopolitical interests.

The difference between EU and Russian policy toward borders is the respective instruments. Russia is redrawing maps with pipelines and opportunistically grafting irredentist ethnic separatism in critical borderlands. Its product is an archipelago of enclaves strategically sited to advance Russian geopolitical interests. The EU used its laws to establish insulating borderlands.

This leads to a central claim of this essay. Russian efforts to redraw the map of geostrategic borderlands are fractious and disintegrative. Their objective is to reinvigorate irredentist movements in contested territory by misappropriating “the international legitimacy [given] to national self-determination to buttress [Russian] political and territorial expansionist goals.”<sup>56</sup> In contrast, EU efforts are for the most part integrative, that is, at one and the same time regional and European.

The balance of the essay will test this claim in two regions. The first is the Ukrainian Transcarpathia borderland. The other is the Lower Danube, with attention to two borderlands: Moldovan Transnistria; and the tri-state (Romanian-Ukrainian-Moldovan) Odessa-Dniester-Danube borderland. It is claimed that Russia has two paramount geopolitical interests in these borderlands: first, ensuring the physical security and monopoly status of its

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<sup>54</sup> *Ibid.* 486.

<sup>55</sup> From the title of an essay by Sergei Medvedev (1999). “Across the line: borders in post-Westphalian landscapes.” In Heikki Eskelinen, Ilkka Liikanen & Jukka Oksa, eds. *Curtains of iron and gold. Reconstructing borders and scales of interaction.* (Aldershot: Ashgate Publishers), 43-56.

<sup>56</sup> The quoted text is from Oren Yiftachel and As'ad Ghanem (2004). “Understanding ‘Ethnocratic’ Regimes: The Politics of Seizing Contested Territories.” *Political Geography*. 23:6, 650.

natural gas pipeline network; and second, where they exist, preventing the exploitation of shale gas reserves that would compete with Russia's vertically-integrated energy oligopoly.

## CHAPTER 4: TESTING THE CLAIM: “THE PUTINIZATION OF GAS.”

### A. Introduction

Marin Katusa's acerbic phrase “the Putinization of gas” captures Russia's instrumental use of its natural gas oligopoly—a vertically integrated supply chain connecting natural gas production fields to end-users via a networked infrastructure of transmission and distribution pipelines—to achieve geopolitical ends.<sup>57</sup>

It is a vision articulated in Putin's 1997 doctoral thesis, written while he served as St. Petersburg's deputy mayor.<sup>58</sup> Putin argued Russia's future prosperity was contingent upon using natural resources to develop and modernize the national economy. He criticized as “market euphoria”<sup>59</sup> Russia's privatization experiment c.1990s—on becoming Russia's president in 2000, Mr. Putin immediately forced out Gazprom<sup>60</sup> chairman Viktor Chernomyrdin (himself a former Prime Minister fired by Boris Yeltsin in March 1998)—writing, “Regardless of who is the legal owner of the country’s natural resources, and in particular the mineral resources, the state has the right to regulate the process of their development and use.”<sup>61</sup> Mr. Putin's vision, wrote economist Marshall Goldman, constitutes a “blueprint” for establishing firm state control over strategic sectors of the economy.<sup>62</sup> Natural gas has been substantially “Putinized” in the past decade: “Under the leadership of Vladimir Putin, Moscow has merged its gas export policy with its resurgent and largely ‘revisionist’

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<sup>57</sup> See: Marin Katusa (2014). *The Colder War*. (Hoboken: John Wiley & Sons, Inc.).

<sup>58</sup> See: Harley Balzer (2006). “Vladimir Putin’s Academic Writings and Natural Resource Policy.” *Problems of Post-Communism*. 53:1, 3-14. <http://www.tandfonline.com/doi/pdf/10.2753/PPC1075-8216530105>. Last accessed 9 January 2015. In 1997, Mr. Putin defended his doctoral thesis at the St. Petersburg Mining Institute, regarding which, “The actual thesis is not available to the general public as it has been classified by the Russian government. However, using the accounts of others who have read the thesis, as well as an article that Putin wrote immediately after defending the thesis, Balzer is able to reconstruct some of its main arguments.” See: Andrej Krikovic (2012). *Ties That Do Not Bind: Russia and the International Liberal Order*. (Berkeley, CA: UC Berkeley Electronic Theses and Dissertations), fn(273) on p. 68.

<sup>59</sup> Vladimir V. Putin (1993). *Mineral'no syr'yevyye resursy v strategii razvitiya Rossiyskoy ekonomiki*. 44 Zapiski Gornogo Instituta. The Russian title [Минерально сырьевые ресурсы в стратегии развития Российской экономики] translates as “Mineral Natural Resources in the Development Strategy of the Russian Economy.”

<sup>60</sup> Gazprom is the shortened name of *Gazovaya Promyshlennost'* [Russian: Газовая Промышленность] or “Gas Industry.” It emerged from the 1989 reorganization of the Soviet Ministry of Gas Industry [Russian: Министерство Газовой Промышленности. Russian transl.: *Ministerstvo Gazovoy Promyshlennosti*. The name of the Ministry, which was privatized in 1991, was customarily shortened as *Minazprom*.

<sup>61</sup> *Ibid.*, 51.

<sup>62</sup> Marshall I. Goldman (2008). *Oilopoly: Putin, Power and the Rise of the New Russia*. (Oxford: Oneworld), 97-99. Cited in Krikovic (2012), *op cit.*, 69. It might be argued as well that Putin is a mercantilist of the sort defined by Robert Gilpin, *viz.*, the “essence of the mercantilist perspective is the subservience of the economy to the state and its interests.” See: Gilpin (1975). *US Power and the Multinational Corporation: The Political Economy of Foreign Direct Investment*. (New York: Basic Books), 25.

foreign policy towards Europe. This politicization has made gas a highly divisive issue in European politics.”<sup>63</sup>

Eurasian borderlands are fertile soil for such using divisive ethnic politics to provide safe passage for Russian gas. Hungarians in Transcarpathia (Ukraine) and Székely Land (Romania), and likewise, Romanians in Bessarabia and Bukovina (Moldova), Budzhak (Ukraine), and Northern Dobrudja (Bulgaria), all occasionally benefit from Russian material and moral support.

The situation in Transnistria is more complex. Transnistria’s modern roots are the early 1990s Moldovan “national awakening,” when several groups coalesced to oppose the national government’s effort to impose a language law.<sup>64</sup> Moldova’s persistence in pursuing “Romanization” has given Transnistrian elites a stable organizing principle.<sup>65</sup>

Transnistria’s governing coalition is comprised of Russians, Russophone Moldovans, and Ukrainians united in their opposition to a “Romanized” Moldova and its unification with Romania.<sup>66</sup> A common language—Russian—gave Transnistria a civic charter, “a territorial

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<sup>63</sup> Pierre Noël (2009). “European Gas Security After The Crisis.” Paper written for the European Council on Foreign Relations (ECFR) Submitted to the EU Policy Seminar on “EU Policy on Russia: The Way Forward in 2009” European Commission, DG Relex & Czech Presidency of the Council – Brussels 23 April 2009. [http://www.eprg.group.cam.ac.uk/wp-content/uploads/2009/04/pn\\_eugassecurityafterthecrisis\\_090423.pdf](http://www.eprg.group.cam.ac.uk/wp-content/uploads/2009/04/pn_eugassecurityafterthecrisis_090423.pdf). Last accessed 9 January 2014.

<sup>64</sup> Moldovan nationalists in 1988 demanded the adoption of Moldovan as the official language, and the replacement of the Cyrillic alphabet by the Latin one. On 31 August 1989, the MSSR Supreme Soviet adopted three new languages laws declaring Moldovan the “state language” and mandating a transition to the Latin alphabet (which was seen as implicitly recognizing the unity of the Moldovan and Romanian languages). [Charles King (2000). *The Moldovans: Romania, Russia, and the Politics of Culture*. (Palo Alto, CA: Hoover Institutions Press), 120] Opposition from Slavic and Turkish minorities led to declarations by new nationalist movements that the language question would ultimately lead to Moldova’s formal integration into Romania. [Helen Fedor ed. (1995). *Belarus and Moldova: Country Studies*. (Washington, D.C.: Government Printing Office), pp. 109-10. Also: King (2000), *op cit.*, 142.] Adoption of the 1989 language law led the following year to the August 1990 declaration of a separate “Gagauz Republic”; Transdnistrians did the same the following month (later called the Pridnestrovien Moldavian Republic *aka* Pridnestrovie). These actions were similar in their opposition to what was seen as an unwarranted expansion of Moldovan central authority. They differed, however, in that while Gagauz demands were meant to preserve ethnic sovereignty and equal representation, Transdnistriean demands were intended to position an independent Pridnestrovie to join Russia or Ukraine.

<sup>65</sup> Case in point the December 2013 Moldovan constitutional court declaration that the official language is “the Romanian language,” greeted by Romanian President Traian Băsescu as “an act of justice...for those who feel they are Romanians.” See: <http://www.antena3.ro/en/romania/basescu-welcomes-the-constitutional-court-s-decision-declaring-romanian-as-the-official-language-of-237093.html>. Last accessed 7 January 2014.

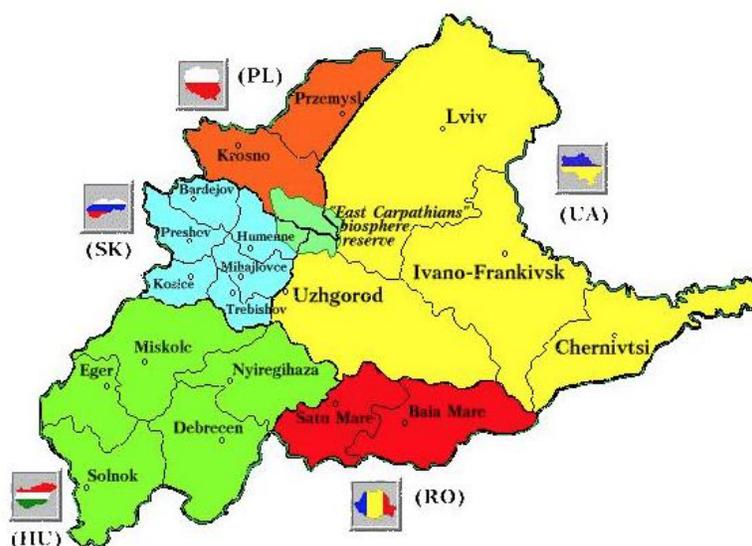
<sup>66</sup> These fears are not without foundation: in early 2014, Romania’s acting president Traian Băsescu said, “If you ever have problems on your way to the European Union, just call Bucharest and say ‘we want to unite’ and it will happen ... no matter who will be the president of Romania, whether a right or left governing party, we will want unification.” Mila Corlateanu (2014). “Much ado about Moldova.” *New Easter Europe* [online edition, 28 April 2014]. <http://www.neweasterneurope.eu/interviews/1209-much-ado-about-moldova>. Last accessed 23 December 2014.

identity [that was] the only option for construction of the new Transnistrian identity.”<sup>67</sup> It is insufficient to dismiss the Transnistrian regime as a mere Russian “puppet,” given the Tiraspol government's frequent departures from the Moscow party line.<sup>68</sup>

With this background in mind, we look at the entanglement of pipeline networks and enclaves in three critical borderlands: the Transcarpathian borderland in the Carpathian Euroregion; the Transnistrian borderland in the Lower Danube Euroregion; and the Odessa-Dniester-Danube borderland, also in the Lower Danube Euroregion. The focus is Russia's instrumental use of enclaves for two purposes: first, to cloister and insulate critical nodes along its energy pipelines; and second, to sequester shale gas reserves that, if exploited, might undercut Russia's natural gas oligopoly.

## B. The Transcarpathian Borderland

The Carpathian Euroregion includes parts of Hungary, Poland, Romania, Slovakia, and Ukraine. It covers an area of some 141,485 square kilometers in which some 14.8 million persons live across nineteen different national administrative units.



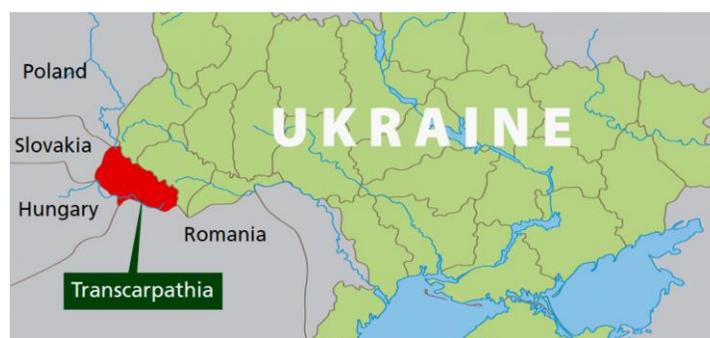
The Carpathian Euroregion<sup>69</sup>

<sup>67</sup> Vladimir Kolosov & John O'Loughlin. (1999). “Pseudo-States as Harbingers of a New Geopolitics: The Example of the Trans-Dniester Moldovan Republic (TMR),” in David Newman, ed. *Boundaries, Territory and Postmodernity*. (Portland, OR: Frank Cass Publishers), 159.

<sup>68</sup> Jeffrey D. Owen (2009). “Neopatrimonialism and Regime Endurance in Transnistria.” Thesis submitted to the faculty of the Virginia Polytechnic Institute and State University (10 September 2009), 2-3. [http://scholar.lib.vt.edu/theses/available/etd-09222009-154007/unrestricted/Owen\\_JD\\_T\\_2009.pdf](http://scholar.lib.vt.edu/theses/available/etd-09222009-154007/unrestricted/Owen_JD_T_2009.pdf). Last accessed 23 December 2014.

<sup>69</sup> Source: <http://micto.cz/2013/02/25/chernivetski-chynovnyky-vidznachyly-20-tu-richnytsyu-stvorennya-karpatskoho-jevrehionu/>. Last accessed 21 May 2015.

When the Carpathian Euroregion was established in 1993 amidst the Balkan wars, *The London Times* called it “an ex-Yugoslavia awaiting a spark.”<sup>70</sup> To one analyst, it is “one of the greatest friction plates in Europe, with significant potential for conflict and cooperation.”<sup>71</sup> While this volatility has three principal dimensions—ethnicity, religion, and isolation—the first dimension, ethnicity, is perhaps the most unsettled.<sup>72</sup> Minority ethnic clusters are scattered across the Euroregion: Ukrainians and Hungarians in Slovakia; Poles in Ukraine; Hungarians in Romania and Ukraine; Ruthenians in Ukraine and Poland; and Roma everywhere.<sup>73</sup> While each merits consideration in its own right, our interest here is with the ethnic Hungarians of Ukraine's Transcarpathia.<sup>74</sup>



Ukrainian Transcarpathia.<sup>75</sup>

<sup>70</sup> Vladimír Biléik, Alexander Duleba, Michal Klyap & Svitlana Mitryayeva (2001). *Role of the Carpathian Euroregion in Confronting its Minority Agenda*. (Prešov, Slovak Republic: Research Center of the Slovak Foreign Policy Association), 8. <http://www.sfpa.sk/dokumenty/publikacie/22>. Last accessed 22 December 2014.

<sup>71</sup> Preface by Dr. Jack Shepherd, in Éva Blénesi (1998). “Ethnic Early Warning Systems and Conflict Prevention.” In *GSFI Occasional Paper No. 11*. (Cambridge: University of Cambridge), 8-15.

<sup>72</sup> There are “strong legitimate interest from the CEE countries regarding the representatives of their ethnic groups which are the minorities on the territories of the Euroregion neighboring countries.” See: Svitlana Mytryayeva (2004). “Role of the Carpathian Euroregion in strengthening security and stability in Central Eastern Europe.” *Academic and Applied Research in Public Management Science- AARMS*. 3:4, 552. <http://www.zmne.hu/aarms/docs/Volume3/Issue4/pdf/06mytr.pdf>. Last accessed 14 January 2015.

<sup>73</sup> Izabela Suchanek (1996). “Problems and Possibilities for Political Cooperation in the Carpathian Euroregion: The Role of Local Government.” In *GSFI Occasional Paper No. 11*. (Cambridge: University of Cambridge). <https://www.dartmouth.edu/~gsfi/gsfweb/htmls/papers/text5.htm>. Last accessed 22 December 2014.

<sup>74</sup> For a focused discussion of this question, see the author's essay “Kárpátalja: Europe's Next Crimea?” at <http://www.fpri.org/articles/2014/04/karpatalja-europes-next-crimea>. There also are separatists among the Transcarpathian borderland's ethnic Ruthenians, sometimes called by the Ukrainian transliteration *Rusyns* (Ukrainian: Русини. Ukrainian transl.: *Rusyny*). This movement, too, has political ties in Ukraine's near-abroad, especially in Hungary, Slovakia, the Czech Republic, and Romania. In October 2008, the “Congress Of Carpathian Ruthenians” declared formation of the “Republic of Carpathian Ruthenia.” In December 2014, the unrecognized republic's prime minister, Peter Getsko, declared “Transcarpathia is the second front in the fight for decentralization of power in Ukraine, along with Donetsk and Lugansk.” Several months earlier, Getsko in June 2014 signed an “interstate treaty of alliance” in Yalta with the Union of People's Republics of Novorossia [Russian: Союз Народных Республик. Russian transl.: *Soyuz Narodnykh Respublik*], which is a confederation of eastern Ukraine's self-proclaimed Donetsk People's Republic and Lugansk People's Republic, respectively.

<sup>75</sup> Source: <http://en.reseauinternational.net/hungarian-factor-transcarpathian-fragment-ukrainian-patchwork/>. Last accessed 23 December 2014.

Central European relations are shaped by the presence of a Hungarian minority scattered throughout the region.<sup>76</sup> This is especially so in Transcarpathia—known to Hungarians as *Kárpátalja*—located in Ukraine's Zakarpatts'ka Oblast bordering Slovakia, Hungary and Romania. Transcarpathia has been called “a traditional borderland”:

### B-1. A Potential Chokepoint for Russian Gas Transmission Pipelines?

Ukraine, upon gaining independence in 1991, inherited a unique energy infrastructure. It consisted of a dense network of natural gas transmission pipelines—Ukraine is the primary export corridor for Russian natural gas—and Europe's second largest natural gas storage capacity.<sup>77</sup> Ukraine's far western region, Transcarpathia, is “a strategic bridge between the gas network of Ukraine and Western Europe,” transited by over two-thirds (68.5%) of Ukraine's total export pipeline capacity.<sup>78</sup> These transmission pipelines carry some 80 percent of Russian gas bound for Europe, and more recently, Transcarpathia has become a key route for reverse (eastward) flows of non-Russian natural gas to Ukraine.<sup>79</sup> The table below identifies Russian export gas pipelines that transit Transcarpathia and other Ukrainian parts of the Carpathian Euroregion:

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<sup>76</sup> *Ibid.* There are large ethnic Hungarian populations in neighboring states, including over 150,000 in Ukraine, more than a quarter-million in Serbia (specifically the Autonomous Province of Vojvodina), some 460,000 in Slovakia, and more than 1.2 million in Romania. The Hungarian government actively promotes kinship ties with these communities. Case in point, Deputy Prime Minister Zsolt Semjén announced in December 2014 that Hungary is set to have one million new citizens through its dual citizenship scheme by the end of the current government's mandate in 2018. See: “New Hungarians through dual citizenship scheme to number 1 million by 2018, says Semjén.” *Politics.hu* [published online in English 29 December 2014]. <http://www.politics.hu/20141229/new-hungarians-through-dual-citizenship-scheme-to-number-1-million-by-2018-says-semjen/>. Last accessed 13 January 2015. Hungary's Jobbik political party goes one step further: Jobbik member and EU Parliament delegate Béla Kovács — whom the Hungarian online newspaper *444.hu* in May 2014 suggested was a Moscow spy — had an office in Beregszász (Berehove) until he was expelled from Ukraine in August and his office was closed by order of the Transcarpathian regional administrative court. See: “Béla, a Jobbik moszkvai kapcsolata” (“Béla, Jobbik's Moscow contact”). *444.hu* [published online in Hungarian, 15 May 2014]. <http://444.hu/2014/05/15/bela-a-jobbik-moszkvai-kapcsolata/>. Last accessed 13 January 2014. For the closing of Kovács' Transcarpathia office, see: Zoltán Szécsi (2014). “Ukrainian court orders closure of office of suspected spy and Jobbik MEP.” *Politics.hu* [published online in English, 13 October 2014]. <http://www.politics.hu/20141013/ukrainian-court-orders-closure-of-suspected-spy-and-jobbik-meps-office/>. Last accessed 13 January 2014.

<sup>77</sup> International Energy Agency (2012). *Ukraine 2012*. (Paris: IEA), p. 109. [http://www.iea.org/publications/freepublications/publication/Ukraine2012\\_free.pdf](http://www.iea.org/publications/freepublications/publication/Ukraine2012_free.pdf). Last accessed 22 November 2014.

<sup>78</sup> “Uzhgorod controls 80% of the gas exported to Europe.” *Uzhgorod.in* [published online in English, 9 September 2012]. [http://uzhgorod.in/en/news/2012/aprel/uzhgorod\\_controls\\_80\\_of\\_the\\_gas\\_exported\\_to\\_europe](http://uzhgorod.in/en/news/2012/aprel/uzhgorod_controls_80_of_the_gas_exported_to_europe). Last accessed 22 November 2014.

<sup>79</sup> The practice of “reverse flow” involves the re-exportation of natural gas; that is, the purchase of gas by Country A from Country B, and its subsequent resale by Country A to a third country, Country C. According to Gazprom, three countries-- Slovakia, Hungary and Poland-- re-exported as much as 1.7 billion cubic meters of Russian gas to Ukraine during the first nine months of 2014. See: “Poland, Hungary, Slovakia export Russian gas to Ukraine — Gazprom.” *ITAR-TASS* [published online in English, 3 October 2014]. <http://en.itar-tass.com/economy/752564>. Last accessed 24 November 2014.

### Ukraine Natural Gas Export Pipelines<sup>80</sup>

Pipeline	Metering Stations		Connector <sup>81</sup>	Diameter ( <i>inches</i> )	Capacity ( <i>bcm/yr</i> )	Lines
	Import	Export				
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Orenberg- Western Border	Sokhranovka	Uzhgorod, Transcarpathia Oblast		56"	26	1
Urengoy- Uzhgorod	Sudzha	Uzhgorod, Transcarpathia Oblast	via Slovakia ( <i>Eurostream</i> ) to Slovakia, Czech Rep., Austria,	56"	28	1
Yamburg- Western border	Sudzha	Uzhgorod, Transcarpathia Oblast	Germany, France, Switzerland, Slovenia & Italy	56"	28	1
Dolyna- Uzhgorod		Uzhgorod, Transcarpathia Oblast		48"	20	2
Uzhgorod- Beregovo		Berehove, Transcarpathia Oblast	via Hungary ( <i>FGSZ</i> ) to Hungary, Serbia & Bosnia	48"	11	2
Khust-Satu Mare		Tekovo, Transcarpathia Oblast	Romania ( <i>Transgaz</i> )	48"	2	1
	<b>subtotal- <i>Transcarpathia</i></b>				<b>115</b>	<b>8</b>
Komarno- Drozdowichi		Drohobych, Lviv Oblast	Poland	48"	5	2
Ananiev- Tiraspol- Izmail		Orlivka, Odessa Oblast	via Moldova- Transdnistria ( <i>Moldovagaz</i> ) to	48"	24	1
Shebelinka- Krivoi Rog- Izmail		Orlivka, Odessa Oblast	Romania, Bulgaria, Greece, Turkey & Macedonia	48"	24	3
	<b>subtotal- <i>other oblasts</i></b>				<b>53</b>	<b>6</b>
	<b>Total- <i>all Ukraine</i></b>				<b>168</b>	<b>14</b>

<sup>80</sup> Data source: East European Gas Analysis (2009). [http://www.eegas.com/ukr\\_090115e.htm](http://www.eegas.com/ukr_090115e.htm). Last accessed 25 November 2014.

<sup>81</sup> The data in this column are from Manfred Hafner (2012). *Russian Strategy on Infrastructure and Gas Flows to Europe*. Polinares Working Paper n. 73 (December 2012), p. 2. [http://www.polinares.eu/docs/d5-1/polinares\\_wp5\\_chapter5\\_2.pdf](http://www.polinares.eu/docs/d5-1/polinares_wp5_chapter5_2.pdf). Last accessed 25 November 2014.

These data bear clear witness to the “strategic bridge” characterization, with Transcarpathia accounting for more than two-thirds (68.5%) of the total capacity of Russian export natural gas pipelines transiting Ukraine.

## B-2. Transcarpathian Shale Gas Reserves

The Carpathian (*aka* Pannonian) Basin is a large geologic basin surrounded by the semicircular Carpathian Mountains, and frequently is used as a synonym for the territory of the historical Hungarian Kingdom.



The Carpathian Basin<sup>82</sup>

On its southern border lies a geologic formation known as the Transcarpathian Basin,<sup>83</sup> which holds an estimated 4 trillion cubic foot natural gas reserve. The rectangular-shaped, 7500 square-kilometer area is bordered to the north by a west-to-east geographic line extending from Uzhhorod to Mukacheve; to the west and the south, by Ukraine's border with Slovakia, Hungary and Romania; and to the east, by a geographic line extending from Mukacheve south to Romania.

Soviet-era exploration in the Transcarpathian Basin focused on hydrocarbon accumulations in large structural traps. However, more recent discoveries of shale gas deposits have raised the possibility the Ukraine could diversify its substantial dependence upon Russian natural gas.

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<sup>82</sup> Source: <http://www.hunsor.se/hu/karpatalja/carpathianbasin.jpg>. Last accessed 13 January 2014.

<sup>83</sup> Strictly speaking, the Transcarpathian Basin is a sub-basin of the Carpathian (Pannonian) Basin, which covers a 124,000 square mile area largely inside of Hungary, Romania and Slovakia, with small parts inside Ukraine. A number of uplifted basement blocks separate the Carpathian (Pannonian) Basin into several subbasins, among which is the Transcarpathian. See: Vello Kuuskraa, et al. (2011). *World Shale Gas Resources: An Initial Assessment of 14 Regions Outside the United States*. (Arlington, VA: Advanced Resources International, Inc.), VI-17. <http://www.adv-res.com/pdf/ARI%20EIA%20Intl%20Gas%20Shale%20APR%202011.pdf>. Last accessed 29 November 2014.

Natural gas is critical to Ukraine's economy: 40% of its primary energy consumption is fueled by natural gas, of which 60% comes from Russia.<sup>84</sup> As one analyst concluded, “The geopolitical implications of Ukrainian shale gas production would spread across Ukraine, Russia and the EU.”<sup>85</sup> Ukraine's exploitation of shale gas could help “regain its status as a significant gas producer.”<sup>86</sup> A 2012 report advised:

“The largest deposits of shale gas in Ukraine are located in the Carpathians. In Lviv region were found five major fields where open-cut mining could be used. In Ivano-Frankivsk six deposits were discovered; in the Transcarpathian region, two; and the Chernivtsi region has one perspective gas field.”<sup>87</sup>

The United States Energy Information Administration in April 2011 estimated that Ukraine has 42 trillion cubic feet (7 trillion cubic meters) of technically recoverable shale gas concentrated in three major shale gas fields: the Yuziv'ska Block in eastern Ukraine; the Oles'ka Block in western Ukraine; and the Kuban Basin beneath the Black Sea.

The 1.6 million acre Oles'ka Block is a 1.5 trillion cubic foot shale gas deposit in a Transcarpathian Basin corridor described as “heavy with shale rock deposits” that extends from Lviv south to Ivano-Frankivsk. A fortnight before the beginning of Ukraine's Euromaidan movement, President Viktor Yanukovich on 3 November 2013 signed a 50-year development agreement with Chevron to the Oles'ka Block.<sup>88</sup>

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<sup>84</sup> While Ukrainian domestic natural gas production covered about 40% of domestic gas consumption — about 19.3 billion cubic meters — this figure pales against the 68.7 bcm extracted in 1975 and 1976, when Ukraine's domestic gas production peaked at one-quarter of the Soviet Union's total natural gas extraction. See: Tania Marocchi & Taras Fedirko (2013). “Shale gas in Poland and Ukraine: a great potential and an uncertain future.” Portal on Central, Eastern and Balkan Europe (May 2013), 9.

<sup>85</sup> Gordon Little (2012). “How Would the Development of Shale Gas Resources in Ukraine Impact Europe's (energy) Security? *IAEE Newsletter*. 1<sup>st</sup> Quarter 2012, 48. <http://www.iaee.org/documents/2012WinterEnergyForum.pdf>. Last accessed 22 December 2014. The European Commission apparently agrees, declaring in mid-2014 “The Union should work closely with its neighbours and partners within the Energy Community, notably Ukraine and Moldova, to improve energy security”.

<sup>86</sup> Mychajlo Honczar (2013). “First steps into the unknown. The prospects of unconventional gas extraction in Ukraine.” *OSW Commentary* [English language report dated 27 April 2013]. Center for Eastern Studies (Warsaw), 5. [http://www.osw.waw.pl/sites/default/files/commentary\\_106.pdf](http://www.osw.waw.pl/sites/default/files/commentary_106.pdf). Last accessed 22 December 2014.

<sup>87</sup> InvestUkraine (2012). “Oil & gas industry.” [http://investukraine.com/wp-content/uploads/2012/05/Oil-gas-industry\\_230\\_230.pdf](http://investukraine.com/wp-content/uploads/2012/05/Oil-gas-industry_230_230.pdf). Last accessed 22 December 2014.

<sup>88</sup> The protest at on *Maidan Nezalezhnosti* the evening of 21 November 2013 is generally recognized as the beginning of what became the Euromaidan movement. Stanley Reed & Andrew E. Kramer (2013). “Chevron and Ukraine Set Shale Gas Deal.” *The New York Times* [online edition, 5 November 2013]. [http://www.nytimes.com/2013/11/06/business/international/chevron-and-ukraine-sign-deal-on-shale-gas.html?\\_r=0&adxnml=1&adxnmlx=1417281775-vedKsAeA50Wl53RKI8oRg](http://www.nytimes.com/2013/11/06/business/international/chevron-and-ukraine-sign-deal-on-shale-gas.html?_r=0&adxnml=1&adxnmlx=1417281775-vedKsAeA50Wl53RKI8oRg). Last accessed 28 November 2014. In December 2014, Chevron terminated the Oles'ka Block development agreement.

### B-3. Hungarians in Ukraine's Transcarpathian Region

Péter Krekó of the Hungarian think-tank Political Capital has warned that “Hungarian nationalism has a territorial element that has become parallel with the interests of the Kremlin.”<sup>89</sup> A recent *Foreign Policy* headline agrees, declaring, “Hungary Is Helping Putin Keep His Chokehold on Europe's Energy.” It quotes the deputy director of the Atlantic Council's Eurasia Center and former Hungarian government adviser David Koranyi, who said, “Clearly there is a pro-Russian shift in Hungarian energy policy.”<sup>90</sup>

According to one assessment, Hungary's state energy company, MVM, in 2014 overpaid by as much as USD2.6 billion when it acquired Földgáz Storage, the Hungarian subsidiary of the German energy giant E.ON. The transaction went forward despite the 2015 expiration of Földgáz's Gazprom contract (reputedly one of the least favorable in the region<sup>91</sup>).<sup>92</sup> It was later disclosed to great controversy that Gazprom had agreed to use five underground natural gas storage facilities owned by Földgáz, considered the region's best and largest (3.74 million cubic meters) and the only such facilities in Hungary. The controversy in part was based on an apparent precondition that Hungary nationalize the storage facilities, to which Földgáz's acquisition by the state-owned MVM was tantamount. It also reflected a highly unconventional arrangement under which Gazprom stores natural gas that it still owns. MVM rationalizes this highly unusual practice: “with this agreement, Gazprom will be able to comply with its long-term contract obligations, should there be problems on the transport routes.”<sup>93</sup>

The newspaper *Magyar Nemzet* captured the ambition of Hungary's Orbán government—“We Can Be the Gas Center of Europe”—in the headline of a September 2014 article about the

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<sup>89</sup> “Potemkin observers.” *The Economist* [published online 4 November 2014].

<http://www.economist.com/blogs/easternapproaches/2014/11/ukraines-rebels-and-euroseptics>. Last accessed 22 December 2014.

<sup>90</sup> Keith Johnson (2014). “Hungary Is Helping Putin Keep His Chokehold on Europe's Energy.” *Foreign Policy* [published online 6 November 2014]. <http://foreignpolicy.com/2014/11/06/hungary-is-helping-putin-keep-his-chokehold-on-europes-energy/>. Last accessed 13 January 2015.

<sup>91</sup> Blanka Zöldi (2014). “State energy company MVM may lose USD 2.6 billion on purchase of E.ON gas subsidiary.” *The Budapest Beacon* [online English language edition, 20 August 2014]. <http://budapestbeacon.com/public-policy/state-energy-company-mvm-may-lose-usd-2-6-billion-on-purchase-of-e-on-gas-subsiary/>. Last accessed 13 January 2014. Eight years earlier, in 2006 E.ON bought the company from MOL, Hungary's state oil and gas monopoly.

<sup>92</sup> See: “Akár 600 milliárd forint veszteséget okozhat az Eon földgáz-nagykereskedő megvásárlása.” *Atlatszo.hu* [published online in Hungarian 13 August 2014]. <http://atlatszo.hu/2014/08/13/akar-600-milliard-forint-veszteseket-okozhat-az-eon-foldgaz-nagykereskedo-megvasarlasa/>. Last accessed 13 January 2015. The 20-year contract with Hungary's largest gas importer, Panrusgáz (a Gazprom subsidiary), is subject to renegotiation in 2015.

<sup>93</sup> “Gazprom Stores Some of its Natural Gas in Hungarian Facilities.” *Hungarian Spectrum* [published online in English 16 October 2014]. <https://hungarianspectrum.wordpress.com/2014/10/16/gazprom-stores-some-of-its-natural-gas-in-hungarian-facilities/>. Last accessed 13 January 2014.

Földgáz-Gazprom storage arrangement,<sup>94</sup> one that all parties expected to serve as a bridge until such time as the since-cancelled South Stream pipeline was operational.<sup>95</sup> Maybe, but for its own domestic energy needs, Hungary is almost wholly dependent upon Russian natural gas imported via Ukraine and Austria.

**Hungary Natural Gas Imports by Supplier<sup>96</sup>**

<u>Supplier</u>	<u>Amount per annum</u> (bcm)
Panrusgáz	9.00
E.ON Ruhrgas	0.50
Bothli Trade AG <sup>97</sup>	0.90
Gaz de France	<u>0.60</u>
subtotal- imports	11.0
Average annual consumption	13.19
% imported	83.4%

Panrusgáz is a joint venture between E.ON Ruhrgas and Gazprom, which also does business through another subsidiary, Centerx Hungária, which has a long-term Gazprom contract that expires in 2028. Gaz de France and E.ON Ruhrgas Austria each import mostly Russian-origin natural gas to Hungary.<sup>98</sup> GSZ Földgázszállító Zrt. (*aka* FGSZ Ltd.) owns Hungary's entire

<sup>94</sup> “Mi lehetünk Európa gázközpontja.” *Magyar Nemzet* [published online in Hungarian 18 September 2014]. [http://mno.hu/magyar\\_nemzet\\_gazdasagi\\_hirei/mi-lehetunk-europa-gazkozpontja-1248359](http://mno.hu/magyar_nemzet_gazdasagi_hirei/mi-lehetunk-europa-gazkozpontja-1248359). Last accessed 13 January 2015.

<sup>95</sup> On 1 December 2014, President Putin announced the cancellation of the South Stream pipeline, which would have brought a maximum capacity of 63 billion cubic meters of natural gas across the Black Sea into Bulgaria. There, the pipeline would have split, one branch supplying the Balkans and Austria, with the other eventually supplying northern Italy. Gazprom confirmed on 9 December that the decision to abandon the project was final. See: “The Cancellation of South Stream is a Pyrrhic Victory, At Best.” *The Brookings Brief* [published online 18 December 2014]. <http://www.brookings.edu/blogs/up-front/posts/2014/12/18-south-stream-pipeline-boersma>. Last accessed 13 January 2014.

<sup>96</sup> KPMG International (2012). *Central and Eastern European Shale Gas Outlook*, 65. <http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/shale-gas/Documents/cee-shale-gas-4.pdf>. Last accessed 13 January 2015.

<sup>97</sup> This is Turkmen gas imported via Bothli Trade AG, a Swiss corporation controlled by Dmitry Firtash. He is a Ukrainian oligarch with close ties to Russia. In June 2013, the United States Department of Justice indicted Firtash on charges of money laundering, racketeering and bribing Indian officials. He was arrested in Vienna in March 2014 at the request of United States authorities but later freed on €125m bail. See: “Russia-linked Ukrainian oligarch indicted in US.” *Financial Times* [published online 3 April 2014]. <http://www.ft.com/intl/cms/s/0/6f7e275e-baab-11e3-8b15-00144feabdc0.html#axzz3Oio7nP8I>. Last accessed 13 January 2014.

<sup>98</sup> KPMG (2012), *op cit.*, 65.

5782km-long transmission system including by 400 transfer stations and 6 compressor stations.<sup>99</sup>

Thus, Russia and Hungary have a common interest in the security of Russia's natural gas transmission pipelines that cross Ukrainian Transcarpathia, which account for two-thirds (68.5%) of Russia's total pipeline capacity crossing Ukraine.<sup>100</sup> It is not dissimilar from the situation that Russia has long faced in the Caucasus, where its energy pipelines run through “frozen conflicts and hotspots such as Nagorno-Karabakh...and the Armenian enclaves in southern Georgia.”<sup>101</sup> There is little doubt Russia is engaged politically on the ground in Transcarpathia although the extent and degree are not easily discerned from open sources.<sup>102</sup>

What can be discerned, however, is that Putin has opted for the plausible appearance that Russia is following Hungary's lead.<sup>103</sup> Russia is unlikely for the time being to pursue an exclave strategy in Transcarpathia.<sup>104</sup> An ethnically-based enclave strategy on the other hand makes more sense. It pits a Russian energy-dependent (and EU and NATO member) Hungary against Ukraine, which is resistant to any precedent-setting grant of autonomy to Transcarpathia, understandable given the situation in eastern Ukraine. It might be said that Russia wins either way: a Russia-friendly enclave in an area of keen geopolitical interest (i.e., a critical pipeline node and a substantial shale gas reserve); or alternatively, Ukraine's forced accession to a federal structure—with a symmetric devolution of power—to avoid outright autonomy.<sup>105</sup>

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<sup>99</sup> Hungary's transmission pipeline system was connected to the Soviet natural gas network in 1975, and in 1996, a transmission pipeline between the Austrian border and Győr created a two-way supply system that was connected to the European network.

<sup>100</sup> They are not alone in this recognition: a well-respected European think tank earlier declared its “appreciation for the key role that Transcarpathia plays in the stability and security of East Central Europe.” See: European Center for Minority Issues (1999). *Inter-Ethnic Issues in Transcarpathian Ukraine*. ECMI Report #4 (September 1999), 49. [http://www.ecmi.de/uploads/tx\\_ifpubdb/report\\_4.pdf](http://www.ecmi.de/uploads/tx_ifpubdb/report_4.pdf). Last accessed 14 January 2015.

<sup>101</sup> Andreas Heinrich (2014). *Export Pipelines from the CIS Region: Geopolitics, Securitization, and Political Decision-Making*. (New York: Columbia University Press), 209.

<sup>102</sup> The Security Service of Ukraine (SBU) reported on 26 November 2014 that it had identified and thwarted a group of individuals who had been tasked by the Russian special services to stage the declaration of a “Transcarpathian Rus” people's republic.

<sup>103</sup> That is not to say, however, there are no calls for Russia to intervene directly in Transcarpathia: the online newspaper *Russia Forever* called for Russia “to conduct peacekeeping operations for a brief period” and for “resumption of the pre-Soviet status of the Republic of Carpathian Ruthenia.” The quoted text reads in the original Russian: “произвести миротворческую операцию, на краткий период — и возобновления досоветского статуса Республики Подкарпатская Русь.” See: “Русинский вопрос. Как она могла бы быть позиция России?” *Россия Навсегда*.pdf [published online in Russian, 28 October 2014]. <http://rossiyanavsegda.ru/read/2421/>. Last accessed 15 January 2014.

<sup>104</sup> Brian Vitunic (2002). “Enclave To Exclave: Kaliningrad Between Russia And The European Union.” Columbia University Working Paper. <http://ece.columbia.edu/files/ece/images/enclave-1.pdf>. Last accessed 15 January 2015. Maintaining a Russian exclave in Transcarpathia would also be logistically challenging and, in the current climate, politically toxic.

<sup>105</sup> It has to be said, however, that the very vagueness of the term *autonomy* can be a source of strength as a policy option, for autonomy can grant a degree of self-government to a particular group or region without necessarily

## C. The Lower Danube Euroregion's Transnistrian Borderland

### C-1. Introduction

Entangled as the Transcarpathian geopolitical landscape may be, it lacks the layered complexity of the Transnistrian borderland. Transnistria is a so-called “autonomous territorial unit” of Moldova that forms a geographic wedge separating the Lower Danube Euroregion's eastern and western halves. Its historical and geopolitical contours are convoluted even by contentious Eurasian standards.



Moldova's Transnistrian Borderland<sup>106</sup>

Moldova and Ukraine inherited large transit pipeline capacities in the post-1991 reordering of the Soviet natural gas infrastructure. Moldova in particular assumed outsized geopolitical importance because it is the pipeline transit state to Ukraine's immediate west. This placed it squarely in Russia's sights as the latter sought to reclaim control over ex-Soviet midstream energy assets in now-independent former Soviet republics.

### C-2. Understanding “Absurdistan”

The Republic of Moldova is cut from a complex political fabric that defies simple explanation. The modern day Republic of Moldova is the successor-state to the Moldavian Soviet Socialist Republic established in 1940 as a consequence of the Molotov-Ribbentrop Pact. Moldova is comprised of two territories, one of which is the historical region of Bessarabia, a triangle-shaped area bounded by the Black Sea and the Dniester and Prut rivers. Bessarabia formed the

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conceding independence or sovereignty. Sherrill Stroschein (2008). “Dismantling Ethnic Frames via Networks: Defusing Separatism via Brokerage and Network Clientalism.” Paper presented at the annual meeting of the APSA 2008 Annual Meeting, Hynes Convention Center, Boston, Massachusetts, 28 August 2008, 3.

<sup>106</sup> Source: <http://conservativehome.blogs.com/centreright/2009/11/transnistria-a-hotbed-of-crime-human-rights-abuses-and-a-risk-to-international-security.html>. Last accessed 20 May 2015.

eastern part of the historic Principality of Moldova that the Ottomans ceded to Imperial Russia in 1812. Russia lost Bessarabia to Romania in 1856 in the aftermath of the Crimean War, but regained it in 1878 when Romania swapped it to Russia for Dobruja. Russia again lost the territory in 1918 when Bessarabia was reunited with Romania, but again regained it in June 1940 when Bessarabia became part of the Soviet Union.

The second territory that comprises modern day Moldova is the former Moldavian Autonomous Soviet Socialist Republic—the future Transnistria. The Moldovan ASSR was established by the Soviet Union in 1924 “within the framework of the Ukrainian SSR, on the eastern bank of the River Dniester, in the vain hope of establishing the sympathy of the population in Bessarabia,” to advance Soviet territorial claims there.<sup>107</sup> The union of the two territories to form Moldova was uneasy from the onset, and the country today remains fractious.

The Republic of Moldova sits athwart a main export route for Russian natural gas.<sup>108</sup> Upon declaring independence in August 1991, the Moldovan government took control of some 2600 kilometers of natural gas pipeline infrastructure consisting of two main trunk pipelines plus a branch system that served about one-fifth of Moldovan households. When the Soviet Union formally dissolved four months later, Moldova inherited an additional 1560 kilometers of natural gas pipeline, leaving it with control over some 4100 kilometers of ex-Soviet transmission and distribution pipelines.

**Republic Of Moldova Central Natural Gas Pipelines Routes<sup>109</sup>**

Pipeline	Length (km)	of (2), km in Transdnistria	Import Gas Metering Station
(1)	(2)	(3)	(4)
Ananiev-Drochia-Cerna�uţi-Bogorodceani	199.8	15.0	Drochia
Ananiev-Tiraspol-Izmail	92.1	18.8	Tiraspol
Şebelevka-Donet�k-Krivoi Rog-Razdelnoe-Izmail	124.6	23.1	Tiraspol
Razdelnoe-Izmail	126.5	24.3	Tiraspol
<b>Total</b>	<b>542.9</b>	<b>81.2</b>	

<sup>107</sup> Theodore B. Ciuciura (2007). “Romanian views on Bessarabia and Bukovina: A Ukrainian perspective.” *Nationalities Papers: The Journal of Nationalism and Ethnicity*. 13:1, 106.

<sup>108</sup> 16 bcm of Russian natural gas transits Moldova each year through three pipelines en route to end-users in southeastern Europe.

<sup>109</sup> Source: Victor Parlikov & Tudor  oitu (2007). *Industria Gazului  n Rm: Povara Ignoran ei  i Costul Erorilor*. (Chişinău: IDIS Viitoru), 5.

Russia immediately began trying to regain effective control of Moldova's pipeline infrastructure. The country's pipelines carry over 20 billion cubic meters of Russian natural gas to the west each year. Russia exerts significant energy leverage over Moldova, where domestic production covers only three percent annual consumption, and where natural gas—of which Gazprom is Moldova's sole supplier—accounts for two-thirds of the country's primary energy supply. This dependence is exacerbated by Moldova's fractious politics. While non-Transnistrian Moldova accounts for two-thirds of the national population, it consumes only a third of its imported natural gas, with Transnistria accounting for the rest.

In May 1994 the Moldovan government created a new entity, Moldovagaz.<sup>110</sup> The intent was to unify the operation of over fifty separate entities that were involved in natural gas transmission and distribution. Moldovagaz's complex and somewhat opaque corporate structure employed numerous subsidiaries organized as separate limited liability companies. Two of these were transmission system operators: Moldovatrangaz, organized in August 1994 to operate the Moldovan transmission pipeline system; and Tiraspoltrangaz, organized to do the same in Transnistria. Moldovatrangaz controlled a 1560km network consisting of 660km of trunk pipeline and 900km of branch pipeline along with 80 distribution stations. Tiraspoltrangaz controlled 160km of trunk pipeline and 203km of branch pipeline along with 15 distribution stations.<sup>111</sup> A group of 39 separate companies operated Transnistria's natural gas distribution system.

The valuation of Moldovatrangaz and Tiraspoltrangaz assets was (and remains today) highly controversial, as the valuation of the former represented as much as an 89 percent discount to fair market value.<sup>112</sup> A prime factor in the undervaluation of Moldovatrangaz was the fact its assets consisted of only a single pipeline—northern Moldova's Anaiev-Drochia-Cernăți-Borghorodceani pipeline. Three other pipelines were assigned in their entirety to Tiraspoltrangaz, a highly challengeable assumption given that an aggregate 277km of these pipelines crossed Moldovan territory while only 81.2km crossed Transdnistria. The Moldovan government also disputed several factors used to calculate its share of Moldova's debt to Gazprom for unpaid natural gas deliveries. A 2007 analysis that took account of all disputed points concluded that the proper division of ownership should have been weighted heavily toward Moldovatrangaz (72.1%), with much reduced shares to Tiraspoltrangaz (22.4%) and Gazprom (5.5%), respectively.<sup>113</sup>

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<sup>110</sup> Presidential Decree No. 140, dated 18 May 1994

<sup>111</sup> Moldovagaz (undated document). "Gas transmission system of the Republic of Moldova," 3. [http://www.inogate.org/documents/\\_\\_\\_\\_\\_%20\\_\\_%20\\_\\_\\_\\_\\_-1\\_eng.pdf](http://www.inogate.org/documents/_____%20__%20_____-1_eng.pdf). Last accessed 11 November 2014.

<sup>112</sup> Victor Parlikov & Tudor Șoitu (2007). *Industria Gazului În Rm: Povara Ignoranței Și Costul Erorilor*. (Chișinău: IDIS Viitoru), p. 10. One of the study's authors, Tudor Șoitu, was later named vice president of Moldova's Court of Account by parliamentary resolution (no. 131) signed 8 July 2011.

<sup>113</sup> Parlikov & Șoitu (2007), *op cit.*, 14.

The disputed valuation nevertheless persisted until 1998 when the Moldovan national parliament reorganized Moldovagaz and created a new joint stock company by the same name (“JSC-Moldovagaz”).<sup>114</sup> One element was to merge the old Moldovagaz with another entity, Aprogaztranzit (formerly known as Gazsnabtranzit) which had been organized in October 1995 as a Moldovan-Russian joint stock company.<sup>115</sup>

Gazsnabtranzit's initial capitalization consisted of pipeline assets contributed by Moldovatransgaz and Tiraspolitransgaz that were the subject of the disputed valuation. Gazprom received a controlling (50.1%) stake in Gazsnabtranzit in exchange for forgiving USD51.5 million of debt—partitioned between Moldovatransgaz (52.5%) and Tiraspolitransgaz (47.5%)—for unpaid natural gas deliveries in 1993 and 1994.<sup>116</sup> Most of the remaining interest in Gazsnabtranzit was divided between Moldovatransgaz (35.5%)<sup>117</sup> and Tiraspolitransgaz (13.5%), respectively, based on the debt-adjusted value of transmission pipeline assets contributed to the new entity, plus in the case of Tiraspolitransgaz, its distribution assets. The Moldovan parliament simultaneously reorganized Moldova's natural gas distribution system, establishing eighteen regional operators (which collectively owned about 1% of Gazsnabtranzit) in Moldova (twelve regional operators) and Transdnistria (six regional operators).

In 2006, the Transnistrian government transferred its interest in JSC-Moldovagaz to Gazprom (which technically holds it in trust) giving Gazprom undisputed control. As one analyst noted, this “allows Russia to place its Moldova energy policy in the service of its geopolitical aims to

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<sup>114</sup> According to the GRoM Economy Ministry, “Moldovagaz SA is a single vertically integrated company, thus having a monopoly position by controlling the entire chain of gas business (import, transit, transmission, wholesale supply, distribution and retail supply). It is designated as the national operator of the gas system and dominant supplier. It signs import contract with JSC Gazprom and an agreement for the use of gas storage in Ukraine.” See: Ministry of Economy of the Republic of Moldova (2013). *Security of Supply Statements of the Republic of Moldova*, p. 45. <http://www.energy-community.org/pls/portal/docs/2440189.PDF>. Last accessed 13 November 2014.

<sup>115</sup> The agreement that led to Gazsnabtranzit's formation remains highly controversial. On 20 September 1994, Moldovatransgaz, which was formed in 1993 to privatize state assets consisting of four gas transmission pipelines inherited by Moldova in the breakup of the Soviet Union, entered into an agreement with Gazprom to form Gazsnabtranzit. Gazprom received a 51 percent interest in Gazsnabtranzit in exchange for agreeing to extinguish certain debts discussed above.

<sup>116</sup> Moldova has challenged whether Gazprom actually fulfilled its pledge to reduce Moldova-ROT's debt by the applicable amount. The amount included a sum for so-called “lost gas,” or the difference between the quantity of gas recorded at import gas metering stations (located in Ukraine) and the quantity recorded at Moldovan export metering stations. Since some pipelines go back and forth between Ukraine and Moldova more than once, and because no meters are installed to measure the volume of gas at each exit/entry point, Ukraine and Moldova negotiate annually to allocate amounts to domestic consumption in the two countries. The difference between the amount allocated to Moldova and the amount Moldova can account for as domestic consumption is called “lost gas,” which in 1996 amounted to 5% of domestic Moldovan consumption. The actual language used in the authorizing agreement is “the debts of the Republic of Moldova for the gas supplied to consumers during 1993-1994.” At the beginning of 1994, Moldova's debt to Gazprom amounted to USD22.2m, including USD14.3m attributable to Transdnistria.

<sup>117</sup> This figure was parsed between the valuation assigned to the Ananiev-Drochia-Cernăuți-Bogorodceani transmission gas pipeline (20.3%) and the one assigned to Moldova-ROT distribution networks controlled by raion-level public agencies (13.4%). See: Parlikov & Șoitu (2007), *op cit.*, 19.

maintain its sphere of influence in the post-Soviet states. Signing a new gas transit and delivery contract is not only a means of countering Moldova's integration efforts with the EU energy market but also a carrot to draw Moldova into the Eurasian Union."<sup>118</sup>

That "carrot" is not inconsequential: Russian export natural gas carries a stiff (30.0%) tariff that Russia waives for members of its customs union.<sup>119</sup> As to the figurative "stick," Gazprom allowed Transnistria to accumulate additional debt for unpaid natural gas now estimated to exceed USD5 billion. Cynically citing the Republic of Moldova's claim to continued legal sovereignty over Transnistria, Russia's position is that Moldova remains liable for the arrears—representing payment for several years' unpaid natural gas deliveries to JSC-Moldovagaz plus penalties. This gives Russia substantial leverage over the actions of the Moldovan government, since it can demand repayment in full at any time.<sup>120</sup>

There was an effort c.2008 to structure a debt-for-equity swap under which the Transnistrian government would formally transfer its interest in JSC-Moldovagaz to Gazprom. This followed an unsuccessful 2007 effort to arbitrate the matter of the post-2005 debt, Gazprom having earlier sold the pre-2005 debt to an affiliated Russian company.<sup>121</sup> The pre-2005 arrears—which stood at \$1.7 billion as of April 2008, including penalties and interest—had begun to accrue at an accelerated pace as the Transnistrian government withheld certain amounts due JSC-Moldovagaz including tariffs collected in Transnistria.

## D. The Danube East Euroregion's Dobruja Borderland

### D-1. Introduction

Historical Dobruja is today part of the Dobrudja-Danube *aka* the Danube East Euroregion. Designated a European Union "border space" in January 2007, it is comprised of figurative

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<sup>118</sup> "The Romania-Moldova Gas Pipeline: A Chance for Moldova to Connect to the EU." *Natural Gas Europe* [published online 3 October 2013]. <http://www.naturalgaseurope.com/romania-moldova-gas-pipeline>. Last accessed 4 November 2014.

<sup>119</sup> Adrian Lupusor, et al. (2013). *Quo Vadis Moldova: European Integration, Euroasiatic Integration, or Status Quo?* Report published by the Expert-Grup (September 2013), 12.

<sup>120</sup> This is up from approximately USD500m a decade earlier. The Moldovan position is expressed in a September 2012 statement by parliamentarian (and in July 2014, Deputy Prime Minister in charge of Moldova's economics ministry) Adrian Candu, who said, "As regards the debt of Transnistria, Gazprom should acknowledge the existence of two amounts. One belongs to the Transnistrian region and the other one to Moldova. The second one is significantly lower." See: "Candu: Gazprom should acknowledge that Moldova's debt is small compared with that of Transnistria." *Moldova.org* [published online in English 18 September 2012]. <http://www.moldova.org/candu-gazprom-should-acknowledge-that-moldovas-debt-is-small-compared-with-that-of-transnistria-232995-eng/>. Last accessed 5 November 2014.

<sup>121</sup> "Gazprom and Moldovan (Transnistrian) Gas Debts." Classified cable from United States Ambassador Michael D. Kirby to the Secretary of State dated 30 January 2008. [https://wikileaks.org/plusd/cables/08CHISINAU90\\_a.html](https://wikileaks.org/plusd/cables/08CHISINAU90_a.html). Last accessed 7 November 2014.

halves: a Romanian one, *Dobrogea*, to the north; and a Bulgarian one, *Dobrudža*, to the south.<sup>122</sup>

#### Northern (orange) & Southern (yellow) Dobroju



The borderland is the subject of competing historical claims and a simmering WWII-era territorial dispute. “On September 7, 1940, Bulgaria and Romania were forced by Germany to sign a border treaty in Craiova. Romania had to give back Southern Dobruja and 110,000 ethnic Romanians and Vlachs, which had been colonized there since 1913 had to leave their homes. At the same time, 77,000 ethnic Bulgarians from Northern Dobruja were relocated on the Bulgarian side of the province. The situation was recognized after the war treaties. However, the memory of 1940 and the territorial losses are still very present in Romania.”<sup>123</sup>

#### D-2. Shale Gas in Romanian Northern Dobruja

So-called “unconventional” shale gas deposits were discovered in Romania in the mid-1990s, when the state-owned company Rosgaz first used hydraulic fracturing at test wells in the Transylvanian Basin, which is interior of the South Carpathian Mountains.<sup>124</sup> Public

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<sup>122</sup> The area is bounded on the south by the Beli Lom and Kamchiya rivers; on the west by the lower Danube River; on the north by the Chilia Arm River; and on the east by the Black Sea.

<sup>123</sup> Oana Popescu (2011). “The Current State of Relations Between Romania and Kosovo and Prospects For Evolution.” In *Kosovo Calling: International Conference to Launch Position Papers on Kosovo's Relation with EU and Regional Non-recognising Countries*. (Pristina: Kosovo Foundation for Open Society), 61 & 83. <http://kfos.org/wp-content/uploads/2012/04/Kosovo-Calling-ENG.pdf>. Last accessed 1 December 2014. Regarding the reference to “treaties,” Bulgaria surrendered all wartime territorial gains except Southern Dobruja under the terms of its October 1944 armistice with the Soviet Union. See: United States Library of Congress (1992). *Bulgaria: a country study*. (Washington, DC: Government Printing Office), p. 43. The line separating Dobruja into northern and southern halves was an arbitrary one, and was redrawn several times during the early 20th century in the aftermath of the First and Second Balkan Wars and World War One. *Ibid.*, 62.

<sup>124</sup> Romania has prospective shale gas resources in two sedimentary basins: in eastern Romania's Carpathian Foreland Basin along the border with Moldova; and in southern Romania, in both the Moesian Platform along the Black Sea littoral, and in an east-west corridor below Craiova and Bucharest. Technically recoverable resources in the southern Romanian portion of the Moesian Platform (which extends into Bulgarian Northern Dobruja) are

opposition to hydraulic fracturing coalesced in early 2012, partly in response to Chevron's February 2011 acquisition of the Barlad Concession in northeastern Romania bordering Moldova.<sup>125</sup>

### Romanian Shale Gas Deposits.<sup>126</sup>



In April 2012, Chevron announced it would limit onshore shale gas exploration in Romania to conventional drilling and would not utilize hydraulic fracturing.<sup>127</sup> It proceeded to postpone all shale gas exploration activities for one year.<sup>128</sup> The following month, the Romanian government imposed a moratorium on hydraulic fracturing until March 2013.

In January 2013 Chevron was awarded its first shale gas exploration permit and announced it would commence drilling in the Barlad Concession by the end of the second calendar quarter.<sup>129</sup> Romania in March 2013 ended its moratorium on shale gas exploration to

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estimated to be 26 Tcf of shale gas. See: *EIA/ARI World Shale Gas and Shale Oil Resource Assessment* (2013). Arlington, VA: Advanced Resources International), X-23.

[http://www.eia.gov/analysis/studies/worldshalegas/pdf/chaptersviii\\_xiii.pdf](http://www.eia.gov/analysis/studies/worldshalegas/pdf/chaptersviii_xiii.pdf). Last accessed 22 November 2014

<sup>125</sup> The Barlad Concession is a 6350km<sup>2</sup> (1.6 million acres) exploration, development and production block located in northeastern Romania's Vaslui and Constanța județe near the eastern Moldavian city of Bârlad. Chevron acquired it from Regal Petroleum PLC, which held it since January 2005 under terms of a 2003 license from the Romanian government. The Barlad Concession has a potential term of 30 years of which the first 5 years are scheduled for exploration, in 2 phases, the first of which was completed as of December 2006. The first 3-year exploration phase requires the acquisition of certain seismic, field geochemistry studies (completed by Regal as of December 2006) and the drilling of 2 wells. In October 2007, Regal announced the first of its planned exploration wells in the Barlad Concession established shows of gas; however, in September 2010, Regal, the chief operations of which are in Ukraine, announced that it had been unable to establish commercial gas flow from the well.

<sup>126</sup> Source: Chevron Romania (<http://www.chevron.ro/en/business/>).

<sup>127</sup> "Chevron seeks to play down Romanian shale gas exploration fears." *Platts McGraw Hill Financial* [published online 5 April 2012]. <http://www.platts.com/latest-news/natural-gas/london/chevron-seeks-to-play-down-romanian-shale-gas-8152972>. Last accessed 18 November 2012.

<sup>128</sup> Vladimir Socor (2012). "Chevron Postpones Shale Gas Exploration in Romania." *Eurasia Daily Monitor* [published online 10 April 2012].

[http://www.jamestown.org/single/?tx\\_ttnews%5Btt\\_news%5D=39247&no\\_cache=1#.VGy5or64mOE](http://www.jamestown.org/single/?tx_ttnews%5Btt_news%5D=39247&no_cache=1#.VGy5or64mOE). Last accessed 18 November 2014.

<sup>129</sup> "Chevron gets exploratory drilling permit for shale gas in Romania." *Business Review* [published online, 28 January 2013]. <http://business-review.eu/featured/chevron-gets-exploratory-drilling-permit-for-shale-gas-in-romania-38472>. Last accessed 18 November 2014.; "Chevron to proceed with drilling for shale gas in Romania."

widespread demands for a permanent ban on hydraulic fracturing.<sup>130</sup> Prime Minister Victor Ponta claimed in a November 2014 televised interview, “It looks like we don’t have shale gas.”<sup>131</sup> Chevron quickly disputed Ponta's assertion, stating that it “is analyzing the data gathered during its drilling and seismic operations to further understand the resource potential of natural gas from shale.”<sup>132</sup> Ponta was quoted approvingly, however, by Russia's state-controlled news outlet, *RT*, which wrote that Romania “hoped to seal a lucrative deal to extract 1.4 trillion cubic meters of gas, which has now turned out to be zero.”<sup>133</sup>

There are persistent allegations that Gazprom foments anti-fracking activism in Northern Dobroju, where Chevron holds the mineral rights, but not in western Romania, where NIS Gazprom holds them.<sup>134</sup> NIS Gazprom also denied allegations that it was pursuing shale gas exploration in Romania.<sup>135</sup>

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*Natural Gas Europe* [online edition, 28 February 2013]. <http://www.naturalgaseurope.com/chevron-drilling-for-shale-gas-in-romania>. Last accessed 19 November 2014.

<sup>130</sup> Ioana Patran (2013). “Thousands protest Chevron's shale gas plans in Romania.” *Reuters* [published online 4 April 2013]. <http://www.reuters.com/article/2013/04/04/us-romania-shale-chevron-idUSBRE9330S320130404>. Last accessed 18 November 2014.

<sup>131</sup> “Romanian Prime Minister announces 'we don't have shale'.” *Shale Energy Insider* [published online 10 November 2014]. <http://www.shaleenergyinsider.com/2014/11/10/romania-prime-minister-announces-we-dont-have-shale/>. Last accessed 18 November 2014.

<sup>132</sup> “Ponta says Romania has no shale gas, Chevron begs to differ.” *EurActiv* [published online, 10 November 2014]. <http://www.euractiv.com/sections/energy/ponta-says-romania-has-no-shale-gas-chevron-begs-differ-309896>. Last accessed 18 November 2014.

<sup>133</sup><sup>133</sup> Га я н е Ч и ч а к я н (2014). “Сланцевого газа, который «так упорно искали» США, в Румынии не оказалось.” *RT* [published in Russian 12 November 2014]. <http://russian.rt.com/article/59221>. Last accessed 18 November 2014. The quoted text is from the version of the article published on RT's English-language website, which differs from the original one published on RT's Russian-language website. For the English-language article by correspondent Gayane Chichakyan, see: “Shale gas: boom or bubble?” <http://rt.com/business/204803-shale-gas-boom-bubble/>. Last accessed 18 November 2014.

<sup>134</sup> Chevron in May 2014 announced that the company had commenced drilling its first shale gas exploration well in the județ of Vaslui on the Romanian-Moldavan border. Earlier, Chevron twice suspended shale gas exploration in eastern Romania when it encountered protests and the occupation of a drilling site. Chevron also holds three shale-gas exploration blocks in Romania's southeastern Dobrogea region. [“Chevron Commences Shale Gas Drilling in Romania.” *Natural Gas Europe* [published online 6 May 2014]. <http://www.naturalgaseurope.com/chevron-commences-shale-gas-drilling-in-romania>. Last accessed 17 November 2014.]. United States armed forces are stationed at the nearby Mihail Kogalniceanu military base. [“Romania wants more NATO troops locally, even permanent base: 'Russian threat is a reality, and we need support'.” *Romania-Insider* [published online in English 1 May 2014]. <http://www.romania-insider.com/romania-wants-more-nato-troops-locally-even-permanent-base-russian-threat-is-a-reality-and-we-need-support/120564/>. Last accessed 17 November 2014]NIS Gazprom Neft emerged from Gazprom's January 2008 acquisition of a majority stake (51%, later raised to 56%) in a Serbian oil and gas company, NIS, which was founded in 1949. NIS-Gazprom is a vertically integrated energy company with production sites in Serbia as well as Republika Srpska (one of the two entities that together comprise the state of Bosnia and Herzegovina), Hungary, and Romania. While that might be true so far as Romania, it does not extend to NIS-Gazprom's activities in Hungary, where the company engaged in shale gas exploration in the Algyő Formation north of the geographic convergence point of Hungary, Serbia, and Romania. See: “Falcon Oil & Gas Ltd. Announces Final Approval of A Multi-Well Drilling Exploration Program with Naftna Industrija Srbije Jsc ('NIS').” *Marketwired.com* [published online 14 January 2013]. <http://www.marketwired.com/press-release/falcon-oil-gas-ltd-announces-final-approval-a-multi-well-drilling-exploration-program-tsx-venture-fo-1745443.htm>. Last accessed 17 November 2014. Nor, it seems, does it apply to the company's activities in Serbia: “Serbia has a huge potential of shale gas exploration and [NIS-Gazprom's] cooperation with Falcon in Hungary will allow us to learn and prepare

### D-3. Shale Gas in Bulgarian Southern Dobruja

Dobruja sits atop one of Eurasia's largest known shale gas reserves.<sup>136</sup> This is an economic boon for Bulgaria, which imports 94% of the natural gas it consumes. So it would seem inexplicable that Bulgaria in January 2012 imposed an indefinite ban on hydraulic fracturing.

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The missing factor may well be Gazprom. It is Bulgaria's sole supplier of imported natural gas, which it sells to a Bulgarian state-owned monopoly, Bulgarian Energy Holdings (BEH). A BEH subsidiary, Bulgartransgaz, operates Bulgaria's entire 2645km-long transmission pipeline network as well as the nation's sole storage facility (a depleted gas field near Chiren, in

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our geologists and engineers for such a technology challenge. Working with different international companies abroad we going to find the right high technology experienced partner for further deep exploration in Serbia.'” See: “Falcon Oil & Gas Ltd. and Naftna Industrija Srbije Announces Letter of Intent for Makó Trough Project.” <http://ir.nis.eu/news-and-events/single-news/article/22/>. Last accessed 17 November 2014.

<sup>135</sup> “Gazprom has future plans in Romania, Balkans.” *Actmedia Romanian News Agency* [published online in English 14 November 2013]. <http://actmedia.eu/energy-and-environment/gazprom-has-future-plans-in-romania-balkans/49167>. Last accessed 17 November 2014.

<sup>136</sup> While the geographic territory of Dobrogea/Northern Dobruja is comparatively miniscule, the region's estimated shale gas reserves (51 trillion cubic feet) are about 40 percent of known shale gas reserves in the much larger Ukraine. See: Energy Transformation (2013). *Shale Gas: An Opportunity Europe Cannot Afford to Miss*. (Brussels: Vital Transformation), 7. <http://energytransformation.eu/wp-content/uploads/2013/11/ET-Shale-Gas-Report-HR.pdf>. Last accessed 17 November 2014.

<sup>137</sup> Prior to Bulgaria's imposition of an indefinite moratorium on hydraulic fracturing in January 2012, over a dozen companies expressed interest in prospecting for so-called “unconventional” gas deposits. Of these, Chevron was the largest, and in June 2011, it was granted a 5-year permit to prospect for shale gas in Bulgaria's 4400 square kilometer Novi Pazar field. The Novi Pazar field holds estimated reserves of between 300 billion and 1 trillion cubic meters of shale gas based on similar rock formations. Once the moratorium was imposed, the Bulgarian government declined to sign the Chevron license, and Chevron finally withdrew from Bulgaria in May 2014. According to an official company statement, “Chevron has closed its office in Sofia, Bulgaria. The ban on hydraulic fracturing imposed by the Bulgarian parliament in 2012 following Chevron's successful bid for an exploration permit in northeast Bulgaria remains in place. Chevron continues to explore and evaluate investment opportunities in Central and Eastern Europe.” See: <http://www.chevron.com/countries/bulgaria/>. Last accessed 17 November 2014. In addition to Chevron and ROSGEO, Bulgaria granted exploration permits to two other companies. In March 2012, Park Place Energy was granted an exploration permit for the Dobrich basin area; the company, however, later qualified that its “work program does not contemplate in any way the exploration for shale gas which is presently subject to a moratorium in Bulgaria” but rather, on “gas found in coals...often referred to as 'coal bed methane' or 'coal seam gas'.” [<http://parkplaceenergy.com/park-place-energy-provides-exploration-program-details-for-the-dobrich-basin/>] A second company, TransAtlantic Petroleum, acquired control of an exploration permit through its acquisition of Direct Petroleum Bulgaria EOOD, whose A-Lovech license covered a 300,000-acre area of Etropole shale located in the southern Moesian Platform in northwest Bulgaria. The parliamentary ban had the unintended effect, later corrected in June 2012, of effectively prohibiting the extraction of conventional natural gas from deep deposits, as well as making it illegal to use Bulgaria's sole gas storage facility at Chiren. The ban, which the Bulgarian parliament adopted in the form of a resolution, was criticized by opponents of shale gas production, who had called for a statutory ban. Tomasz Dąborowski & Jakub Groszkowski (2012). *Shale Gas in Bulgaria, the Czech Republic and Romania*. (Warsaw: Ośrodek Studiów Wschodnich), 9. [http://www.osw.waw.pl/sites/default/files/shale\\_gas\\_in\\_bulgaria\\_the\\_czech\\_republic\\_and\\_romania\\_net\\_0.pdf](http://www.osw.waw.pl/sites/default/files/shale_gas_in_bulgaria_the_czech_republic_and_romania_net_0.pdf). Last accessed 21 November 2014.

northwestern Bulgaria). Two companies, Overgas and Wintershall Erdgas Handelshaus Zug AG Bulgaria (“Wintershall-Bulgaria”), control natural gas distribution within Bulgaria.

Overgas is a Bulgarian company organized as a parity (50:50) joint venture between Gazprom and Overgas Holding AD *aka* DDI Holdings Ltd.<sup>138</sup> Overgas controls 70% of natural gas distribution inside Bulgaria, and has a controlling interest in 26 companies that hold a collective 56 licenses for natural gas distribution in 42 of Bulgaria's 264 municipalities. Overgas Holding is involved in the construction and operation of natural gas transmission and distribution pipelines in Bulgaria.<sup>139</sup> The remaining 30% of Bulgaria's natural gas distribution market is controlled by a Gazprom-related enterprise, Wintershall-Bulgaria.<sup>140</sup> Wintershall-Bulgaria has a long-term purchase agreement with Bulgargaz, a subsidiary of Bulgarian Energy Holdings, which buys natural gas from Gazprom. It also buys limited quantities of natural gas from domestic producers (about 6 percent of domestic consumption) through a majority-owned trading company, DEXIA Bulgaria, which resells the gas to Bulgarian industrial customers.

A state-owned Russian company, ROSGEO (*aka* the Russian State Geological Company), has publicly declared its interest in shale gas exploration in Southern Dobroju.<sup>141</sup> ROSGEO is linked to another Overgas subsidiary (also a Gazprom-Overgas Holding parity joint venture) that led a consortium which in January 2010 (two years before Bulgaria declared its hydraulic

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<sup>138</sup> The author is aware of but cannot independently confirm from open sources persistent rumors that Overgas' complex corporate structure is purposefully opaque, and may conceal the company's connection to individuals with known or suspected ties to Russian intelligence agencies. What can be said is that Overgas Holding AD *aka* DDI Holdings Ltd has a complex and opaque ownership structure. Its sole shareholder appears to be a British Virgin Islands-registered corporation, South Eastern European Energy, Limited, which may be by another corporation, DDI Management, which is apparently based in Bulgaria. The author of a February 2009 story about Overgas concluded by asking, “Why is this elaborate web of holding companies, BVI entities, and nominal directors being used by Overgas, Inc.? Is it to hide the identities of the ultimate beneficiaries? In many ways the Overgas scheme appears similar to other opaque intermediaries-RosUkrEnergo, Centrex, Gazprom Germania, and YugoRosGas-which were created by Gazprom over the past decade and in which Alexander Medvedev, a suspected former KGB agent, has played a key role while enjoying the Kremlin's full support in these ventures.” See: Roman Kupchinsky (2009). “Bulgaria's 'Overgas,' a Russian Spy in Canada, and Gazprom.” *Eurasia Daily Monitor* [published online 13 February 2009]. 6:30. [http://www.jamestown.org/single/?tx\\_ttnews%5Btt\\_news%5D=34511#.VLgRTlpN38s](http://www.jamestown.org/single/?tx_ttnews%5Btt_news%5D=34511#.VLgRTlpN38s). Last accessed 15 January 2015.

<sup>139</sup> It also signed an agreement in May 2014 to build a gas distribution infrastructure in Dimitrovgrad, Serbia. See: Borislava Tsankova Andreevska (2014). “Bulgaria’s Overgas to build gas supply infrastructure in Serbia’s Dimitrovgrad.” *Power Market Review* [published online in English 26 May 2014]. <https://powermarket.seenews.com/news/bulgaria-s-overgas-to-build-gas-supply-infrastructure-in-serbia-s-dimitrovgrad-422243>. Last accessed 18 November 2014.

<sup>140</sup> Wintershall-Bulgaria is a subsidiary of Wintershall Erdas Handelshaus Zug AG. The latter is a parity joint venture between a wholly owned BASF Group subsidiary, Wintershall, and OAO Gazprom. The prefix “OAO” is the acronym of the Russian transliteration, *Otkrytoye Aktsionernoye Obshchestvo* [Russian: Открытое Акционерное Общество] which means “open joint stock company,” a common form of organization for Russian publicly-traded corporations.

<sup>141</sup> ROSGEO in June 2014 signed a collaboration agreement with Gazprom “in the use of innovative technologies in hydrocarbon production, particularly regarding the recovery of 'tight' (hard-to-recover) reserves.” See: <http://www.gazprom-neft.com/press-center/news/1102404/>. Last accessed 18 November 2014.

fracturing moratorium) was awarded exploration rights to a 1787 square kilometer area near the northeastern Bulgarian town of Provadia. Overgas had a controlling 64% share interest in the consortium; its two other members, Balkan Explorers (Bulgaria) and JKX Bulgaria Ltd., each had an 18% interest.<sup>142</sup>

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<sup>142</sup> Balkan Explorers (Bulgaria) is a wholly owned subsidiary of a London-based company, Aurelian Oil & Gas limited, formerly Falcon Oil & Gas Limited. JKX Bulgaria is a wholly owned Bulgarian subsidiary of JKX Oil & Gas plc, an exploration and production company listed on the London Stock Exchange. “Bulgaria Govt Allows Consortium to Explore Oil, Gas Reserves.” *Sofia News Agency* [published online in English 6 January 2010]. <http://www.novinite.com/articles/111685/Bulgaria+Govt+Allows+Consortium+to+Explore+Oil,+Gas+Reserves#sthash.DSuXk2fe.dpuf>. Last accessed 18 November 2014.

## CHAPTER 5: CONCLUSION

*“The power of the west should be in its ability to create a situation in which it screws Gazprom’s pipes, at its borders, as a response to Russian blackmail and not to just express concern and impose inefficient sanctions”<sup>143</sup>*

Jelena Milić

*“Never before, even at the height of the Cold War, has the West been so vehemently determined to lower Europe's dependence on Soviet fuel.”<sup>144</sup>*

Arbakhan Magomedov & Rusian Nikerov

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The term *Great Game* was coined in the 1830s, although its use did not become widespread and popularized until the first years of the 20<sup>th</sup> century in the novel *Kim* by Rudyard Kipling.<sup>145</sup> It is long associated with the founder of the British school of geopolitical thought, Sir Halford Mackinder, who theorized it would be played out in the Central Eurasian Heartland.<sup>146</sup> Mackinder summed up his theory in a famous and succinct dictum:

“Who rules Eastern Europe commands the Heartland;  
Who rules the Heartland commands the World Island;  
Who rules the World Island commands the World.”<sup>147</sup>

In practical terms, his dictum points to a struggle to control Europe's east—including European Russia.<sup>148</sup> Mackinder wrote:

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<sup>143</sup> Jelena Milić (2014). “Putinization.” *The New Century*. 6:February 2014.

[http://issat.dcaf.ch/content/download/40720/614686/file/The\\_New\\_Century\\_No\\_06-Jelena\\_Milic-Putinization.pdf](http://issat.dcaf.ch/content/download/40720/614686/file/The_New_Century_No_06-Jelena_Milic-Putinization.pdf). Last accessed 30 May 2015.

<sup>144</sup> Arbakhan Magomedov & Rusian Nikerov (2010). “Caspian Energy Resources and the 'Pipeline War' in Europe in the 21st Century: Energy Geopolitics in Northern Eurasia.” *Central Asia and the Caucasus*. 11:3 [published online in English by KiberLeninka Scientific Library]. <http://cyberleninka.ru/article/n/caspian-energy-resources-and-the-pipeline-war-in-europe-in-the-21st-century-energy-geopolitics-in-northern-eurasia#ixzz3bdW8G6SY>. Last accessed 30 May 2015.

<sup>145</sup> Matthew Edwards (2003). “The New Great Game and the New Great Gamers: Disciples of Kipling and Mackinder.” *Central Asian Survey*. 22:1, 84. <http://www.tandfonline.com/doi/pdf/10.1080/0263493032000108644>. Last accessed 2 June 2015. As Edwards notes (fn3), “The term ‘the Great Game’ was coined by Captain Arthur Conolly (1807–1842), a ‘player’ of the original Great Game.” It is not the intention of this paper to recount the events of the Great Game; for a full examination”

<sup>146</sup> Sir Halford John Mackinder (1904). *The Geographical Pivot of History*. (London: Royal Geographic Society). <http://intersci.ss.uci.edu/wiki/eBooks/Articles/1904%20HEARTLAND%20THEORY%20HALFORD%20MACKINDER.pdf>. Last accessed 2 June 2015.

<sup>147</sup> Sir Halford John Mackinder (1919; 1962). *Democratic Ideals and Reality*. (New York: W. W. Norton), 150.

“The Russian railways have a clear run of 6000 miles from Wirballen in the west to Vladivostok in the east...True, that the Trans-Siberian railway is still a single and precarious line of communication, but the century will not be old before all Asia is covered with railways...Is not the pivot region of the world's politics that vast area of Euro-Asia which is inaccessible to ships...and is today to be covered with a network of railways?”<sup>149</sup>

The expansion of the Russian rail network was a key theme of Mackinder's famous 1904 essay. Railways allowed Russia to develop what Boris Kagarlitsky called “the empire of periphery,”<sup>150</sup> one in which territoriality was tightly bound to control of Russia's borderlands.<sup>151</sup> Mackinder's contemporary, Lord Curzon, wrote after traveling the length of the Trans-Caspian railway in 1888 that it had “dramatically altered the strategic balance in the region” and made Russia “prodigiously strong.”<sup>152</sup> Russian railways “played a major role” in transforming “the country into a unified and indivisible...single economic space.”<sup>153</sup>

Energy pipelines are to Eurasia in the 21st century what railroads were in the late 19th and early 20th centuries. The common imperative is that Russia exert hegemonic control over its borderlands. An American geopolitical theorist writing in the mid-20<sup>th</sup> century, Nicholas Spykman, called these borderlands the “Rimland” of Russia's empire of periphery. He restated Mackinder's dictum:

“Who controls the Rimland rules Eurasia;  
Who rules Eurasia controls the destinies of the World.”<sup>154</sup>

A contemporary scholar, Sara O'Hara, updates Spykman's restatement:

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<sup>148</sup> Ronald Hee (1998). “World Conquest: The Heartland Theory of Halford J. Mackinder.” *Journal of the Singapore Armed Forces*. 24:3 (July-September 1998)

<sup>149</sup> Mackinder (1904), *op cit.*, 434.

<sup>150</sup> Boris Yulyevich Kagarlitsky (2008). *Empire of Periphery: Russia and the World System*. (London: Pluto Press), 125.

<sup>151</sup> Sunderland writes that “beginning in the 1730s, Russian scholars...shifted the boundary between Europe and Asia from its traditionally accepted location on the Don River farther east to the Ural mountains, which were much deeper in Russian territory and therefore provided the Russians with a much more sizeable claim to geographic Europeanness. This new conceptualization then led to the new practice of using the Urals to divide the Russian state into two halves, a western half called 'European Russia' and an eastern one called 'Asiatic Russia'.” See: Willard Sunderland (2007). “Imperial Space: Territorial Thought and Practice in the Eighteenth Century.” In Jane Burbank, Mark von Hagen, Anatoly Remnev, eds. *Russian Empire: Space, People, Power, 1700-1930*. (Bloomington: Indiana University Press), 43.

<sup>152</sup> Quoted in Geoffrey Kemp & Robert Harkavy (1997). *Strategic Geography and the Changing Middle East: Concepts, Definitions, and Parameters*. (Washington, D.C.: Brookings Institute Press).

<sup>153</sup> Nailya Tagirova (2007). “Mapping the Empire's Economic Regions from the Nineteenth to the Early Twentieth Century.” In Burbank, et al. (2007), *op cit.*, 129.

<sup>154</sup> Nicholas J. Spykman (1944). *The Geography of Peace*. (New York: Harcourt & Brace), 43.

“Who controls the Export Routes, controls the Oil & Gas;  
Who controls the Oil & Gas, controls the Heartland.”<sup>155</sup>

Thus the paramount place of the Rimland—here, the geographic middle zone of the eastern EU and the western Russian borderlands: Russian export natural gas has value only if it can be moved via pipeline along an east-west corridor. It has no value stuck in the ground or languishing in storage tanks. The likeliest winner of the Great Game today is the state that controls energy export routes from the Heartland west to Europe, and by extension, the territory of the Rimland that these pipelines transit.

Natural gas pipelines are not, in Arbakhan Magomedov's phrase, “magic axes of sorts.”<sup>156</sup> However, in the EU-Russian borderlands (like the Caspian region about which Magomedov was writing), “it was the transit factor that changed the region from a relatively stable Eurasian resource periphery into a busy geopolitical crossroads.”<sup>157</sup> This reflects a special if not a unique trait of energy pipelines. While pipelines transcend distance, their principle security environment is local.<sup>158</sup> Security dilemmas concentrate in confined geographical areas.<sup>159</sup>

Given the positive correlation between physical proximity and security threats, Russia's interest in controlling unstable parts of transit corridors for its energy export pipelines is understandable.<sup>160</sup>

The search for alternate pipeline routes are rooted in the 2006 Russia-Ukraine “gas war” which established two facts: first, that Ukraine was the vital transit country for Russian gas flowing west to Europe; and second, that Gazprom's action to reduce pipeline pressure at the conflict's culmination highlighted European vulnerability to Russia's use of energy supply

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<sup>155</sup> Sarah O'Hara (2004). “Great game or Grubby game? the struggle for control of the Caspian.” *Geopolitics*. 9:1, 148. <http://www.tandfonline.com/doi/pdf/10.1080/14650040412331307862>. Last accessed 2 June 2015.

<sup>156</sup> Arbakhan Magomedov (2005). “The Struggle for Caspian Oil and Caspian Transit: Geopolitical Regional Dimensions.” *Central Asia and the Caucasus*. 1:31 [published online in English by KiberLeninka Scientific Library], p. 81. <http://cyberleninka.ru/article/n/the-struggle-for-caspian-oil-and-caspian-transit-geopolitical-regional-dimensions>. Last accessed 30 May 2015.

<sup>157</sup> *Ibid.*

<sup>158</sup> The quoted text is taken from Buzan & Weaver, from whose “Regional Security Complex Theory” the argument is derived. See: Barry Buzan & Ole Wæver (2003). *Regions and Powers: The Structure of International Security*. (Cambridge: Cambridge University Press), 4.

<sup>159</sup> Barry Buzan (1991). *People, States and Fear: An Agenda for International Security Studies in the Post -Cold War Era*, 2nd edition. (Colchester, UK: The ECPR Press), 189-194.

<sup>160</sup> Mark Leonard & Nicu Popescu (2007). *A Power Audit of EU-Russia Relations*. (London: European Council on Foreign Relations), 1. [http://ecfr.3cdn.net/1ef82b3f011e075853\\_0fm6bphgw.pdf](http://ecfr.3cdn.net/1ef82b3f011e075853_0fm6bphgw.pdf). Last accessed 1 June 2015. According to Keohane & Nye (who coined the term), the condition is “most likely to provide sources of influence for actors in their dealings with one another.” See: Robert O. Keohane & Joseph S. Nye (1989). *Power and Interdependence*, 2nd ed. (London: Scott, Foresman and Co.), 10-11.

disruptions as a political lever, irrespective of whether the EU was the direct target.<sup>161</sup> Russian leaders have long denied using energy for political purposes. It is nevertheless understandable why Gazprom has been called “Russia's Ministry of Foreign Affairs for the 21<sup>st</sup> century.”<sup>162</sup>

The EU's attempt to compel “Gazprom... to give up its monopoly position over the physical supply infrastructure of gas deliveries to Europe...[b]y opening up its pipelines to third party access” failed when Russia declined to ratify the Energy Charter Treaty's 2003 Transit Protocol.<sup>163</sup> Russia feared the 2003 Protocol, by “demonopolising [Russia's] pipeline networks,” would jeopardize its “extremely advantageous and leverage-producing position as the main seller and supplier of natural gas to the EU.”<sup>164</sup>

Cross-border initiatives proliferated across Eastern Europe with the collapse of the region's communist regimes, even as the EU struggled to gain leverage over Russia's gas pipeline monopoly.<sup>165</sup> In the newly assembled post-communist states, however, they encountered simmering contentions over transnational borderlands that had purposefully been left unresolved for decades.

As George Kennan observed in 1948, “The Kremlin strives in principle for a maximum of power with a minimum of responsibility.”<sup>166</sup> Such is certainly the case in Russia's spheres of privileged interests. This alone may be sufficient to undercut any argued moral equivalence between Russian-inspired enclaves and the European Union's own efforts to abolish Europe's borders. Russian actions to insulate critical nodes along its energy export pipelines, and to sequester shale gas deposits that jeopardize its natural gas supply oligopoly, are understandable. So, too, are Russian efforts to control the delivery of natural gas westward by

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<sup>161</sup> The immediate causes of the 2006 “gas war” between Russia and Ukraine were Ukraine's chronic difficulties in paying for the Russian-supplied gas; Ukraine's siphoning-off of gas bound for Europe; and Gazprom's March 2005 proposal to quadruple the price of natural gas sold to Ukraine. See: Henry Hélen (2010). “The EU's energy security dilemma with Russia.” *POLIS Journal*. 4 (Winter 2010), 5. <http://www.polis.leeds.ac.uk/assets/files/students/student-journal/ma-winter-10/helen-e.pdf>. Last accessed 1 June 2015.

<sup>162</sup> Stanislav L. Tkachenko (2008). “Actors in Russia's Energy Policy Toward the EU.” In Pami Aalto, ed. *The EU-Russian Energy Dialogue: Europe's Future Energy Security*. (Aldershot, UK: Ashgate Publishing Limited), 184.

<sup>163</sup> Russia signed the Treaty itself in 1997 but refused to implement it, claiming in its defense that the Russian Duma never ratified it. See: Kevin C. Smith (2008). *Russia and European Energy Security: Divide and Dominate*. (Washington, D.C.: Center for Strategic & International Studies), 1. [http://csis.org/files/media/csis/pubs/081024\\_smith\\_russiaeuroenergy\\_web.pdf](http://csis.org/files/media/csis/pubs/081024_smith_russiaeuroenergy_web.pdf). Last accessed 1 June 2015.

<sup>164</sup> Hélen (2010), *op cit.*, 9-10.

<sup>165</sup> Gergő Medve-Bálint & Sara Svensson (2013). “Diversity and Development: Policy Entrepreneurship of Euroregional Initiatives in Central and Eastern Europe” *Journal of Borderland Studies*. 28:1, 15. <http://www.tandfonline.com/doi/pdf/10.1080/08865655.2013.770630>. Last accessed 1 June 2015.

<sup>166</sup> United States National Security Council (1948). NSC 20/2, “Factors Affecting the Nature of the U.S. Defense Arrangements in the Light of Soviet Policies.” <http://history.state.gov/historicaldocuments/frus1948v01p2/d41>. Last accessed 3 June 2015.

monopolizing long-distance transmission pipelines. The question for strategists is whether this ought to be tolerated in the face of rising, overt Russian aggression in its near abroad.

Exploiting shale gas reserves in Central and Eastern Europe and developing LNG infrastructure all run counter to Russian efforts to preserve its energy oligopoly. All are fed by a rising perception of Russia as an unreliable partner. It is an open question whether Russia can rely on European inaction and contentment to let its eastern borderlands remain buffers in which Milosz's metaphoric lions perpetually roam.



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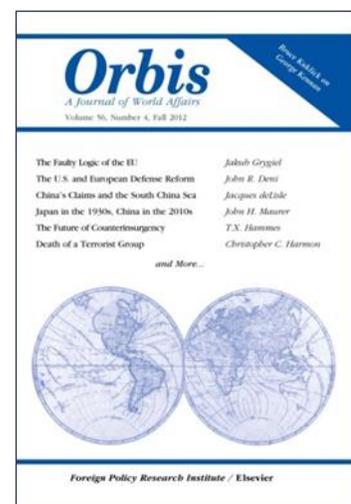
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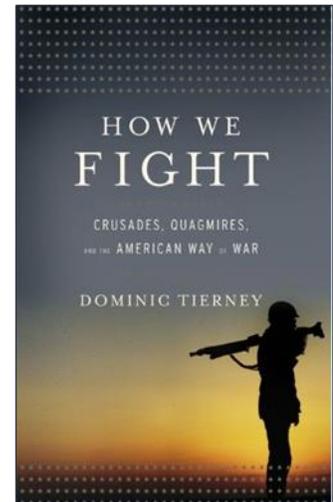
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<sup>1</sup> See [“The Impact of the Foreign Policy Research Institute: Or, Can a Small Organization in Philadelphia Change the Course of History?”](#) by Alan Luxenberg, BackChannel, November 2013.

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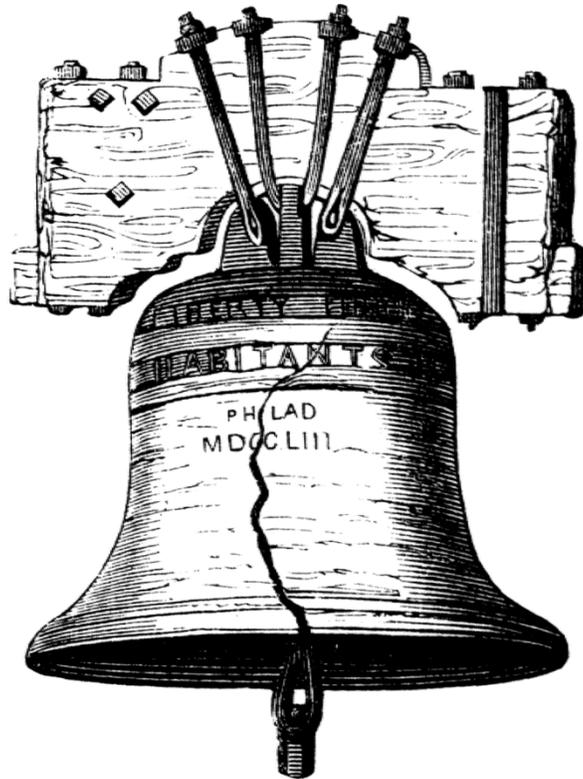
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