



Pipeline Policy

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Pipeline Policy

- European gas network 1960 - 1990
- Pipeline policy: some thoughts on definition
- Case Study: Russia's pipeline strategy

Discussion topics

- Nabucco and South Stream: competent or compliant?
- Diversification of routes or diversification of sources?
- What impact would the new major projects have on V₄ countries?
- Iran as a gas supplier to the EU
- Turkey's energy strategy
- Russia as an energy bully

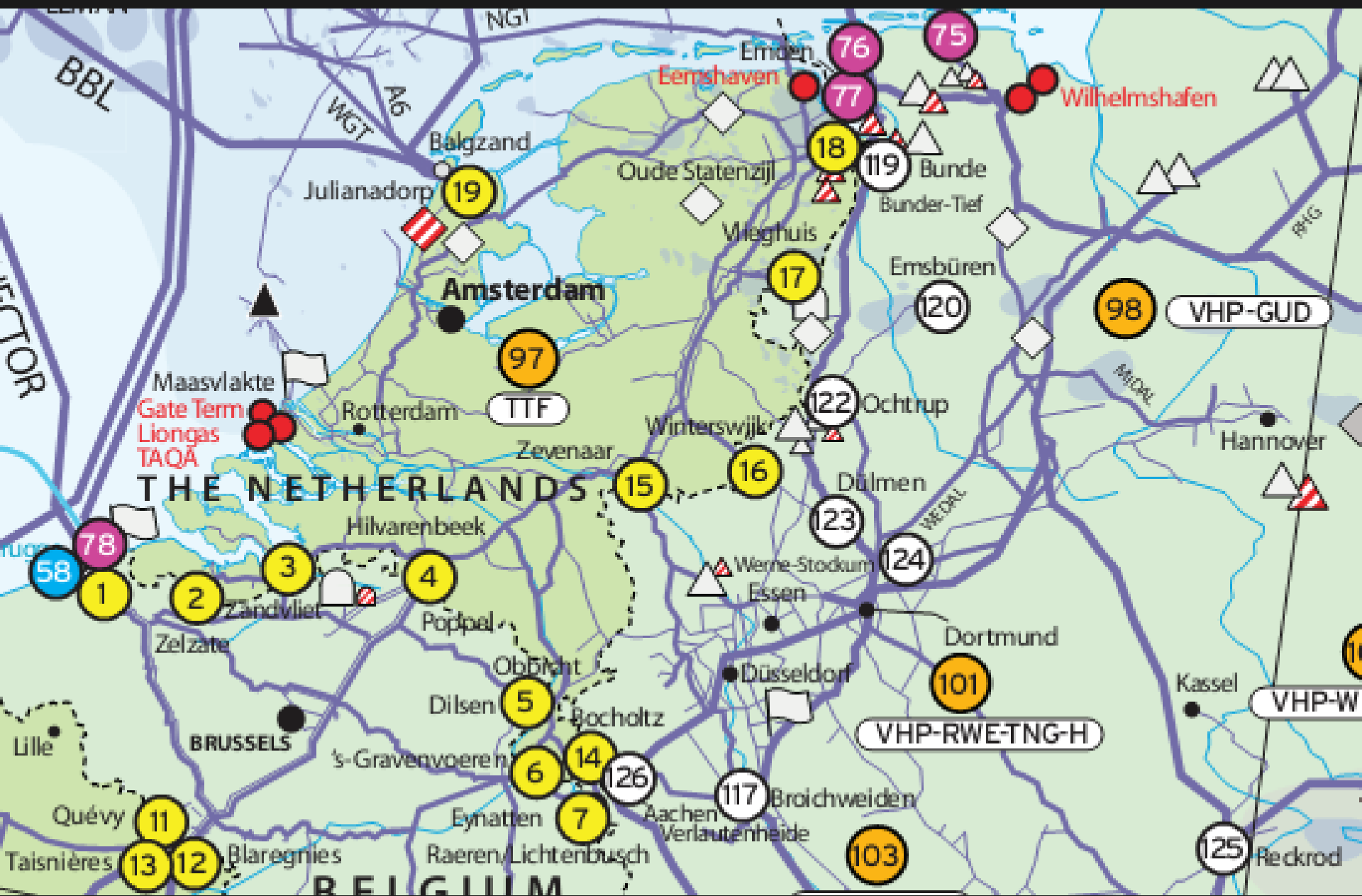
European gas network

- 1920s – 1930s: first experiments with natural gas as a substitute for manufactured gas in Europe
- WW II: scarce oil, coal locally unavailable (Romania, Austria, n. Italy, sw. France, e. Poland)
- 1960s: before Dutch, Algerian, Ukrainian, Siberian, Central Asian discoveries the markets were scattered and localized.
- 1970s: rapid growth in gas use and network development
 - 1965: EU consumption of 39 bcm
 - 1975: EU consumption of 216 bcm
- wider portfolio of customers (fuel, feedstock)

European gas network

Formative years of transnational links

- 1966: Groningen – Germany, Belgium (1967)
- 1967: Groningen – Belgium,
Ukraine – Czechoslovakia
(1944: Ukraine – Poland)
- Gas interaction between politically similar countries
 - Netherlands, W. Germany, Belgium, France (NATO, ECSC, EURATOM)
 - SU, Czechoslovakia, Poland (COMECON)





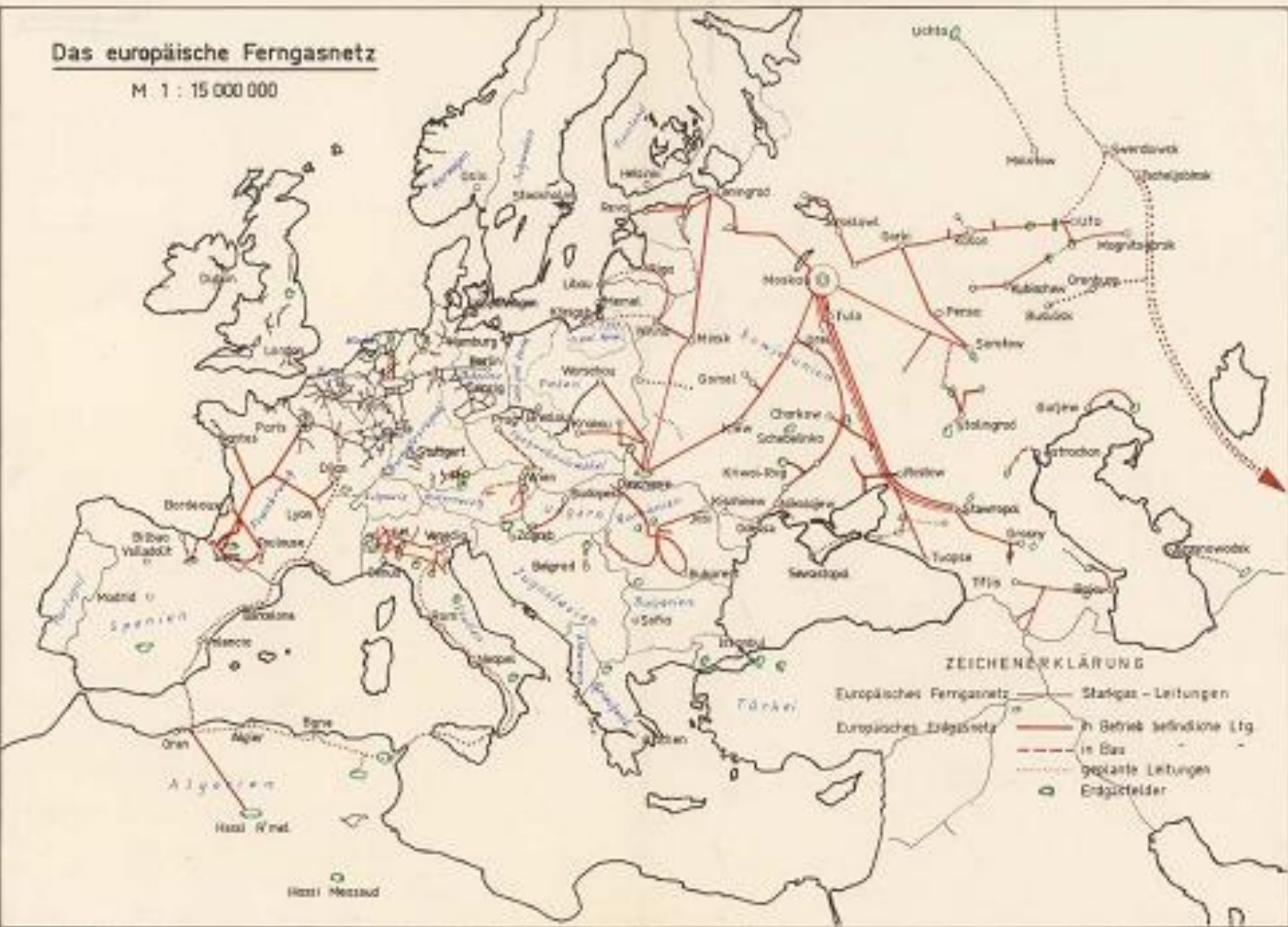
European gas network

Formative years of transnational links

- Late 1960s: gas emerges as an „European issue“
 - Competition between Dutch, Libyan and Algerian gas
 - Two pan-European pipelines planned
 - Algeria – Spain – France – Britain
 - Algeria – Italy
 - First LNG projects on stream (Britain, France, Italy, Yugoslavia, Spain)
 - The SU steps in...

Das europäische Ferngasnetz

M 1 : 15 000 000



ZEICHENERKLÄRUNG

- Europäisches Ferngasnetz ———— Stahlgas-Leitungen
- Europäisches Erdgasnetz ———— in Betrieb befindliche Lfg
- - - - - in Bau
- geplante Leitungen
- Erdgasfelder

European gas network

Soviet gas in Western Europe

- Initiator: Austria
 - No coal
 - A forerunner of European gas industry
 - ÖMV struggling to meet demand
 - The Brotherhood ppl passing just 16 km away from Austrian network
 - Established cooperation with CS over joint development of border-situated large gas field
- The SU lacks spare export capacity

European gas network

Soviet gas in Western Europe

- 1965: Italian ENI starts negotiations over development of recently discovered W. Siberian fields
- Italy/ENI
 - Best relations with the SU among the W. European companies
 - Oil importer and exporter of oil industry equipment to the communist block
 - Strong Italian CP seeking stronger relations with the SU
- Trans-European Pipeline project (SU-Hungary-Yugoslavia-Italy)

European gas network

Soviet gas in Western Europe

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European gas network

Soviet gas in Western Europe

- Austrian reaction: new series of negotiation with the SU.
 - Austrian steel company VÖEST will provide the SU with large-diameter steel pipes in exchange for re-routing the pipeline
 - Germany (the supplier of the pipes) decided not to back up the plan, despite strong Bavarian support
 - The Soviets finally agree after Austria getting closer to EEC.

European gas network

Soviet gas in Western Europe

- 1968: Soviet supplies to Austria come on stream
- 1970: agreements with Italy and Germany (Ost Politik)
- 1973: First Soviet deliveries to Germany, GDR also linked to the system
- 1974: First Soviet deliveries to France
- All through the same pipeline

European gas network

Changes of 1970s

- Reconsideration of energy policies
 - environmental opposition to coal
 - Economical opposition to nuclear
 - Political opposition to oil
- Reconsideration of Dutch export policy
- North Sea deliveries on stream

European gas network

Changes of 1970s

- With new suppliers the gas markets became regionalized and possibly globalized
 - Gas-to-gas competition
 - Consumer competition (LNG)
- 1970s/1980s:
 - Iran revolution
 - Deteriorating East-West relations (Afghanistan, Reagan)

Pipeline policy definition

- Different actors , different perspectives, different motives
- Characteristic features:
 - Yes/no nature of the decision making
 - Long-term planning and consequences
 - Both economic and politic factors

Pipeline policy definition

Producing country:

Economy-based political decision on a connection with a consuming state(s).

- Supplies to GDR through CS (avoiding transit)

Pipeline policy definition

Transit country:

Economy-based political decision on whether to become a transit country or not.

- Austria x Azerbaijan, Pakistan

Pipeline policy definition

Consuming country:

Economy-based political decision on whether to connect itself with a particular supplier.

- Austria, the Czech Republic, the Nabucco states x
Germany, Poland,

Pipeline policy definition

Overall, pipeline policy is a degree to which economy matters in the decision making process, ranging from purely economically motivated pipelines such as Groningen – Germany to purely politicaly driven projects such as CS-Austria connection.

Case study: Russia's pipeline strategy





- Infrastructure 2008
- Nord Stream
- Nabucco
- South Stream
- North-South Gas Corridor

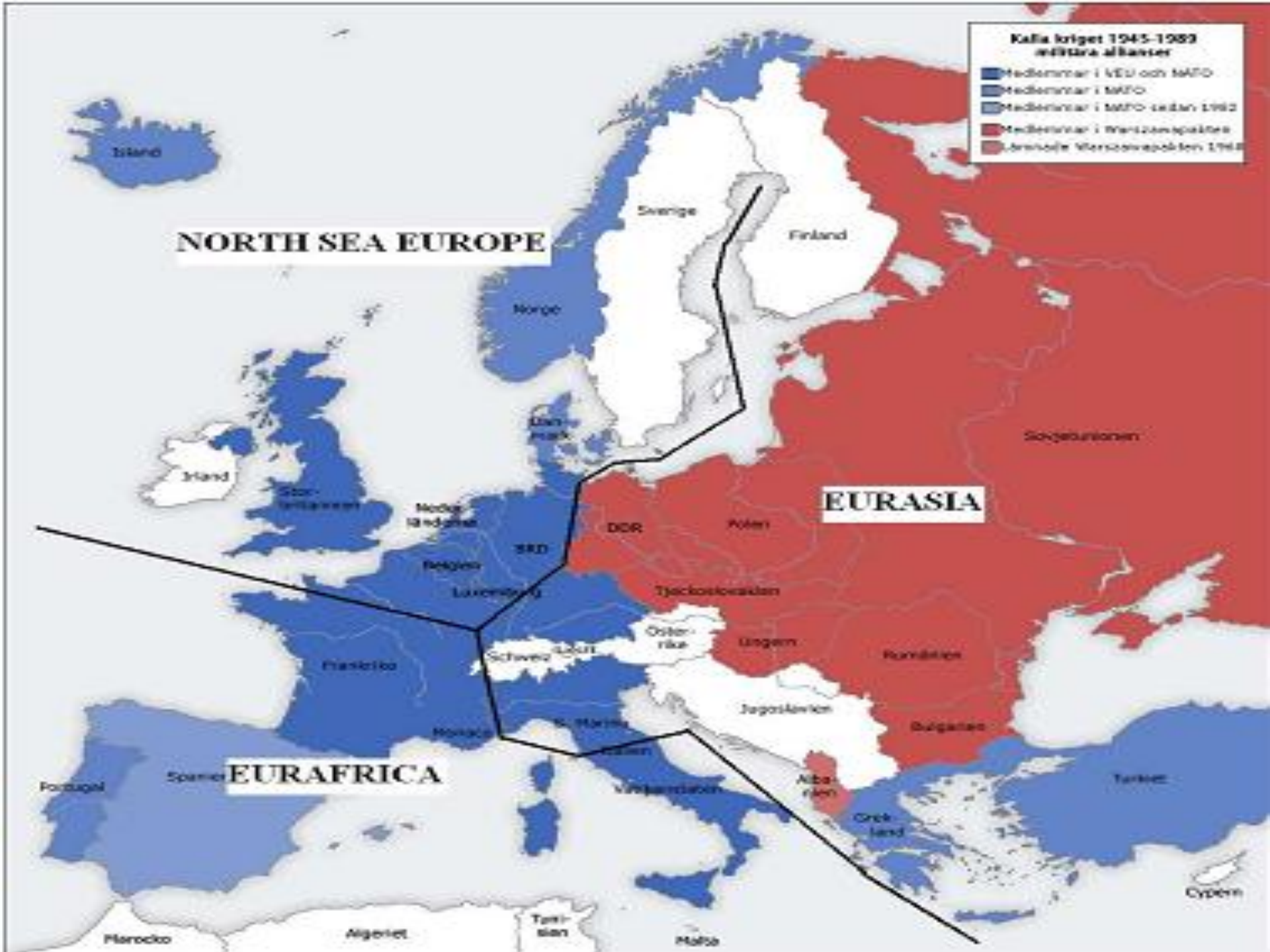
Kalla kriget 1945-1989
militära allianser

- Medlemmar i VEJ och NATO
- Medlemmar i NATO
- Medlemmar i NATO sedan 1992
- Medlemmar i Warszawapaktens
- Ännu ej Warszawapaktens 1949

NORTH SEA EUROPE

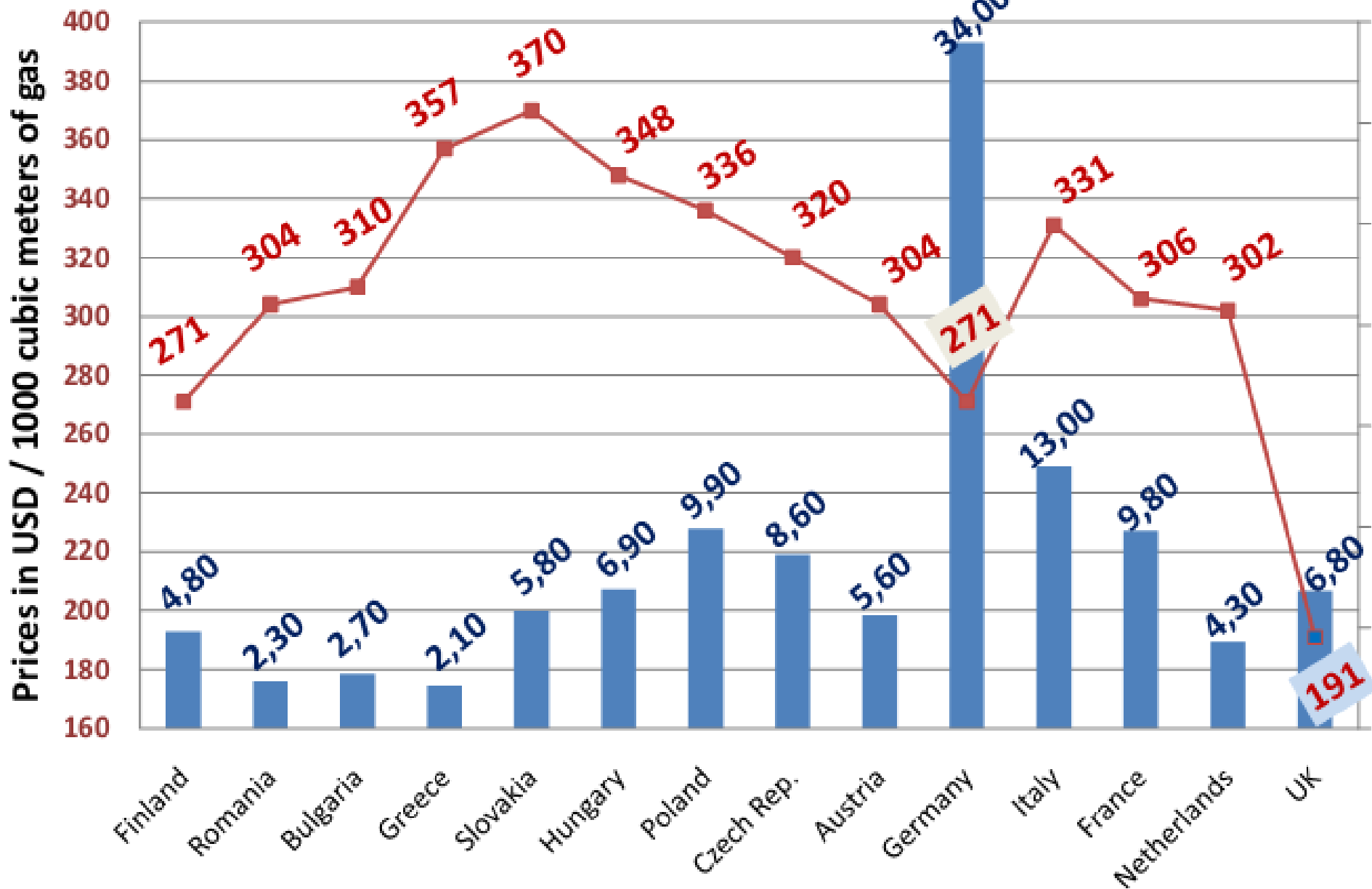
EURASIA

EURAFRICA



Gazprom gas prices for EU – 2010

Source: www.vedomosti.ru – 25th February 2011



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