



Business as Usual or Geopolitical Games? Russian Activities in Energy Sector of the Czech Republic

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Compared to the majority of other European post-communist countries, a characteristic of the Czech Republic is the relatively low politicization of the energy sector. This is especially true when we compare the situation to the states of south-eastern Europe, where the economic transition has been slower than in the central part of the continent. However, the low level of political meddling in the energy sector is not typical even for central Europe where the economic and political transition was relatively smooth. Naturally, even in the Czech Republic, the energy sector, as a sensitive field,

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has not avoided controversies and political meddling, but unlike in other post-communist European countries, the discussions on energy policy and its potential security dimension took a different path.

However, although Russian influence is, generally speaking, not considered an imminent threat framing Czech energy-related discourse, it would be inaccurate to assume that fear of Russia is entirely absent in the field. Given that the energy sector is one where Russian companies play an important role given the enormous reserves located within their homeland and the historically embedded ties to European countries including the Czech Republic, this chapter focuses on determining the main factors instigating concerns about Russian influence in the Czech energy sector.

First, this chapter aims to present an overview of the formative events in the Czech energy sector in relation to Russia and Russian companies, which have taken place over the last 25 years since the fall of the Iron Curtain. To provide the reader with a complex understanding of the situation, the overview will not be confined to the presentation of important events and facts in the energy field. Rather, attention will be devoted to the way these prominent events were presented in political and public discourse. Second, a section follows mapping the presence of Russian companies in the Czech energy sector. The chapter concludes by evaluating the presence of Russian capital in the sector and the way in which potential Russian influence on Czech energy policy and general security in the Czech Republic are perceived.

The focus is predominantly on natural gas, oil and nuclear energy. The reasons for examining the aforementioned energy sources are their share in the country's total primary energy supply (TPES), their importance for the state's economy, the presence of Russian capital in individual sectors and the very nature of these energy sources. Apart from lignite (which forms the highest share of the country's TPES), which is produced domestically, oil, natural gas and nuclear energy form the largest portion of the country's energy consumption. Also, according to the current State Energy Policy of the Czech Republic, these energy sources will remain key ones in decades to come (Ministerstvo průmyslu a obchodu 2014, p. 105). At the same time, these energy sources are strongly related to Russia in terms of their origin or technology.

Although oil is a globally traded commodity and any country is, generally speaking, not dependent on a single source of supply, the functioning of the oil sector is to some extent restricted by transit infrastructure and the structural dependency of consumers. In terms of infrastructure, depen-

dependency is affected by the fact that more than one-third of global oil supplies are delivered through pipelines (Osička et al. 2014, p. 38; Černocho et al. 2014, p. 119). This structural dependency essentially means that despite the fact that oil can be relatively easily stored, for the stability and optimal functioning of the economy, it is necessary that supplies are uninterrupted. Additionally, within the oil market, various types of crude appear, varying in terms of density and sulphur content. This essentially means that refineries adjusted to the mix of Ural and Siberian heavy sour oils commonly known as Russian Export Blend (REB) cannot easily switch to a supplier providing a substantially different crude without strongly affecting the economics of oil processing.

The natural gas sector is a different case. The market is not global but rather partitioned into regional markets, and more than two-thirds of the world supply is delivered via pipelines (Osička et al. 2014, p. 38). Also, some customers are dependent on a single supplier—as is often the case in post-communist Europe, where the principal supplier is Russia. Although new sources and means of transport are slowly changing this environment, rigid pipeline infrastructure and the traditional long-term, take-or-pay type of contracts that were introduced to offset the high initial costs of infrastructure are still often the case. To sum up, these factors constitute another kind of specific structural dependency.

The nuclear energy sector is a specific case of a strictly regulated sub-sector that is relatively restricted in terms of the number of actors that are capable of taking part in it. In the European post-communist region, nuclear energy was introduced¹ with the help of the Soviet Union and power plants here house Russian technologies. Given that the vast complexity of the sector influences a whole group of related industrial sub-sectors, a country that chooses a certain supplier is likely to follow that path for decades to come. This also applies to providers of nuclear fuel, that also tend to remain the same over many years for similar reasons. Therefore, speaking of the nuclear-based capacity of post-communist Europe the structural dependency here also plays into the hands of Russian companies.

All these characteristics of these particular sectors must be taken into account if we aspire to assess the topic of Russian presence and influence from the (energy) security point of view, as well as if we are to explore the perception of this influence in public discourse.

OVERVIEW OF KEY FORMATIVE EVENTS IN THE CZECH ENERGY SECTOR

The following chapter will provide a brief overview of the key formative events in the aforementioned energy sub-sectors over the past 25 years and their reflection in public discourse. Attention will be devoted here also to the politicization (in the sense of the presence and resonance of this particular topic, not only in public and media discourse, but also in the ongoing debate among the key actors of the political, legislative and decision-making processes) and the securitization of topics connected with Russian presence and/or influence. The period examined stretches from 1993, when the Czech Republic emerged after the dissolution of the former Czechoslovakia, until the end of 2016.

The debate about Russia and Russian influence in the Czech energy sphere has included some elements from the broader discourse present in Czech public discussion. This discussion usually encompasses two antagonistic perspectives: The first one represents a rather cautious attitude towards post-Soviet Russia, especially Russia after 2000, in connection with the foreign and security policies of President Vladimir Putin, who is often criticized as neo-imperialist and revisionist (in relation to the post-Cold War European security regime). From this perspective, the policy of Putin's Russia is viewed as openly hostile towards the West, especially after events such as the Russian–Georgian war or the Ukrainian conflict. Apart from the concerns in the sphere of hard security, which were already present during the 1990s (especially in the connection with Russian negative attitudes towards NATO eastward expansion), there have been also concerns associated with the attempts of Russian capital to penetrate the Czech economy. In the energy sector, given its importance for the state's economy, these fears have been present as well (e.g. Kratochvíl et al. 2015, pp. 122–125).

The second perspective, which grew stronger especially after 2000, sees Russia as an important partner, predominantly in the economic area. Its proponents considered Russia as a prospective target of Czech “economic diplomacy”, with the aim of diversifying Czech economic and trade policy, which was (according to this perspective) too dependent on Western markets. This viewpoint grew stronger during the global financial crisis (although the crisis also influenced the Russian economy and Czech–Russian economic relations) and during the subsequent crisis in the Eurozone.² This rather positive view towards Russia is not homogeneous though, as it

encompasses a number of variants influenced by the political and ideological orientation of their particular proponents.³

These opposing tendencies in Czech political and public discourse also found a reflection in debates about potential Russian influence in the Czech energy sector. In spite of the rather low politicization of the topic, there are examples of events which provoked debates on Russian influence or “Russian energy weapon”, with the most notable examples being both gas crises (especially that of 2009), oil supply cuts (especially the event of 2008), and the participation of ZAO Atom Stroy Export in the Temelin tender.

The general topic of the growing interest of Russian investors in the Czech Republic, and energy sector in particular, became a focus of a public debate, especially since the late 2000s. The main question of these debates has been whether growing Russian investments should be perceived as an opportunity for stronger cooperation, or rather as a potential threat regarding the Russian geopolitical ambitions motivated by both economic and political interests. Fear of Russian attempts to spread its influence through energy-related deals was further highlighted by repeated warnings of the Security Information Service, the Czech intelligence institution, about increased activities of Russian secret services, particularly in the Czech economy and the energy sector (e.g. Bezpečnostní informační služba 2011, 2012, 2013). Therefore, the following section is devoted to mapping the situation in these particular sectors and determining potential Russia-related risks.

THE NATURAL GAS SECTOR

Similarly to the oil sector (see below), the natural gas sector in the Czech Republic has been subject to very little politicization, and thus also fears of Russian misconduct and Russian gas supplies have not been used as bargaining chips by the Russian government. The authors ascribe this to the fact that the Czech Republic managed to diversify its gas and oil imports as early as in 1996 and 1997 respectively. Rather, it constitutes an exception among most of other post-communist countries, which thus far have been more susceptible to politicization and misuse of supplies.

Unlike in Slovakia, which was united with the Czech Republic until the 1 January 1993, the Czech political scene in the 1990s perceived complete dependence on Russian supplies as a pressing issue that was potentially dangerous and which called for a solution. The only relevant Czech

political party that perceived such diversification as unimportant was the Communist Party, which was unsurprising, regarding their general inclination towards Russia and former ties to the Soviet Union. The biggest fears were related to the impact of potential supply curtailments to heating and industry. Additionally, the state administration at that time calculated rising demand, which would only highlight the sensitivity of the issue. Fears were further spurred by increased activity of various subjects backed by Russian capital aiming to become gas distributors in the mid-1990s. Although the majority of the political scene generally agreed that a second source of supply would be desirable, consent on timing was harder to find. The main line of arguments questioning the construction was based on the fact that supplies of Norwegian gas were expected to be generally more expensive, a feature considered problematic in times of looming economic crisis. Moreover, the Russian side also used the argument of lower prices while presenting itself as a reliable partner to discourage the Czech Republic from diversification.

The still rather uncertain position of Central Europe in the new geopolitical setting after the end of the Cold War added additional uncertainty to the equation. It was no secret that Russia wanted the region to remain neutral, effectively serving as kind of a “bufferzone” between former spheres of influence. Therefore, some Czech politicians feared Russian retaliatory actions should the country diversify its imports. However, as it turned out after the deal on Norwegian supplies was sealed on 14 April 1997 (Česká televize 2009), these concerns did not materialize. Probably partly due to the fact that the Czech Republic kept around three-quarters of the original supplies coming from Russia, but very likely also due to the relatively lower profile of Russia as an international power in the 1990s (Baev 2008, p. 34).⁴

The importance of a diversified gas import portfolio was manifested during the 2009 gas crisis. Unlike other post-communist states which were hit by supply cuts (especially in south-eastern Europe), the Czech Republic was not only able to get through the crisis practically intact by increasing supplies from Norway (coupled with supplies from the country’s rather extensive storage capacity, equalling one-third of annual consumption; Vlček and Černoč 2012), but was even able to supply gas to Slovakia.⁵ The aforementioned fact, that the diversification prevented any substantial damages in relation to Czech energy security, was eventually also reflected in public and political discourse, and even after the crisis, Russian gas deliveries were not seen as a particular source of security concerns. In the media, the

2009 gas crisis was portrayed in the overall context of energy security in Europe and also in the context of the coinciding Czech presidency of the EU. The Czech media thus often portrayed representatives of the Czech Republic among the main negotiators trying to find a solution to the crisis (e.g. iDnes.cz 2009a; Novinky.cz 2009). The actions taken by the Czech representatives were rather cautious at that time, reflecting the somewhat pragmatic relations of the then government of PM Mirek Topolánek. As an illustration of the government's ambiguous attitude, we can mention the support for the Nabucco pipeline, a project competing with the South Stream pipeline,⁶ while simultaneously building the Gazelle pipeline connecting the country to the Nord Stream and enabling supplies of Russian gas from the North (Kratochvíl et al. 2015, p. 120). As the epitome of the pragmatic approach, the then-President Klaus (known for his long-term pragmatic stance towards Russia) openly characterized the 2009 crisis as a result of a bilateral Russian–Ukrainian economic problem and not a European energy security problem, clearly denying any fears of politicization and securitization of the topic (ČTK 2009).

On the other hand, the pragmatic approach had its boundaries as was shown by two rejections of Russian offers to buy the Czech gas infrastructure in 1994 and 2002. The first bid in 1994 was refused without providing any reasoning, but overall discussions of Czech foreign policy at that time suggested that due to historical experience and reorientation towards the West after the fall of communism, selling the perceived strategic asset to Russians was politically unacceptable. A second bid was refused in 2002, again due to political concerns. The apparent sensitivity of this issue was highlighted by the fact that the Russian offer was refused despite allegedly being worth the same amount as the competing bid of RWE and also included additional offsets in the form of investments in Czech oil and gas infrastructure.

Another example of the wary approach was shown when some voices in the Czech Republic, along with some other CEE and Baltic states, expressed their concerns in relation to the unbundling measures related to the implementation of the EU's third liberalization package. These countries feared the uncontrolled penetration of foreign companies into their energy sectors. Given their geographic location and historical experiences, these fears were related mostly to Russia and its state-owned enterprises. Concerning the presence of Russian companies in the Czech gas sector, there is no company representing Russian capital active in the Czech Republic with the ability to significantly shape the sector, and only a few

companies with ties to Russia are present. A mid-sized company, VEMEX, Gazprom's subsidiary, which was active in gas trading, is one of the examples.⁷ The company entered the market in 2006 and focused mainly on supplying big industrial consumers and also to some extent households. The company was in majority ownership of Gazprom Germania,⁸ a subsidiary of OAO Gazprom (Vemex 2012). Another important shareholder, owning 33% of the company, was Centrex Europe Energy & Gas AG,⁹ a Vienna-based international investment group focused on the natural gas sector, which is believed to work closely with Gazprom, although often through a non-transparent network of subsidiaries registered in various tax-havens (Tillack 2007). However, it should be noted that activities of VEMEX in the Czech Republic¹⁰ made perfect economic sense since the Czech gas market is liberalized and an effort to use this opportunity is thus understandable. Another company with Russian stakes is Wingas, Gazprom's daughter company, which entered the market in 2006 as a minor supplier (Wingas). Wingas took over the position and activities of Vemex when it closed its business in early 2018 for financial reasons (Brož 2018). However, there is basically nothing suspicious about this company or its activities. Similarly, business-as-usual seems to be the case in the 2013 deal signed between Gazprom and the Czech company MND Group to build an underground storage facility in the region of South Moravia. This move fits within the Gazprom's strategy to make its supplies to the West more predictable, which strengthens the impression that Gazprom is trying to be seen as a reliable supplier to its western customers (Gazprom Export 2016).

It can be thus stated that no significant Russia-related companies influence the Czech natural gas sector and that there is no objective need to fear Russian influence in this regard.

THE OIL SECTOR

Similarly to the natural gas sector, the oil sector was facing complete dependence on Russian supplies in the early years after the fall of communism in the country. In a pattern similar to the one that formed the sector of natural gas, the Czech Republic has been located on the main Russian supply route—the Druzhba pipeline. The dependence on a single source of supply was perceived as sensitive by the majority of political representation at that time, for basically the same reasons as in the case of the Brotherhood gas pipeline. Therefore, the first years of the 1990s were marked by an effort

to establish an alternative route to the Druzhba pipeline and to diversify the country's oil import portfolio. These efforts were further accelerated by concerns that the amount of oil supplied through the Druzhba Pipeline would also be insufficient due to the deteriorating situation of Russian producers (Vlček and Černoš 2012, p. 151). The idea of diversification was introduced in mid-1990 at the governmental level as a reaction to political changes and problems that Russian suppliers were facing due to the gradual deterioration of the Russian economy. The proposal was finally endorsed by the resolution of the Government of Czechoslovakia on 4 February 1992 (MERO ČR, a.s., n.d.). The actual construction was surprisingly fast and the IKL¹¹ Pipeline was put into operation in January 1996. Currently, the pipeline serves around 40% of Czech needs (Vlček 2015, p. 62).¹²

Similarly, as in the case of diversification of natural gas supplies, the IKL Pipeline was a practical manifestation of 1990s Czech political discourse, aimed at strengthening political as well as economic ties to Western Europe. By establishing a connection with Germany, the Czech Republic acquired access to oil supplies from various origins, thanks to a connection to the TAL Pipeline bringing oil from the Italian port of Trieste.

Again, Russian resistance towards the diversification plan was hardly palpable at that time. However, concerns that dependence on Russian supplies still might pose a threat to the country's energy security have been proven correct on several occasions. Several supply curtailments occurred in the 1990s (namely in 1990, 1991, 1994, 1995 and 1996). At first, some cuts took place due to the above-mentioned internal economic problems of Russia after the fall of communism. Subsequent interruptions were caused by technical problems along the pipeline and disputes between Russia and Ukraine over transport fees.

Czech public and media discourse reflected concerns especially with the disruptions of the supply of Russian oil via the Druzhba pipeline, which occurred at the end of the first decade of the twenty-first century. A significant event was the curtailment that took place on 9 July 2008, as the supply cut occurred the day after the Czech Republic signed the SOFA agreement concerning a planned radar base of the US anti-ballistic missile defence system which should have been placed in the Czech Republic.¹³ The significant reduction of deliveries came exactly at times of excited rhetoric, which also occurred on the Russian side (especially the rhetoric of the representatives of the Russian army, who mentioned several times the possible targeting of Russian rocket systems on the Czech radar base, in case it was constructed; e.g. ČTK 2008). The missing amount of

oil was easily replaced by increasing supplies from the IKL pipeline and the state reserves, but the event definitely supported the concerns of those who feared misuse of Russian oil supplies, although the responsible representatives of the Czech government were quite cautious at that time when commenting on the event for the media.¹⁴ This example also shows a certain correlation between Czech public discourse concerning Russian oil supplies and the overall context of Czech–Russian relations or the general political-security situation in Central and Eastern Europe.

Concerns over the stability of Russian supplies were revived in late 2009, when Russia threatened to cut off supplies through Ukraine, once again as a result of on-going disputes over conditions of transit through Ukraine (iDnes.cz 2009b). This time, events did not affect supplies, but still they remained a reminder of the potential instability of this route (Vlček 2015, p. 21). The unreliability of the Druzhba pipeline and Russian suppliers was proved once again in April 2012 when a gradual decrease of up to almost 20% of the contracted monthly amount occurred. The chances are that Russian suppliers tested the situation and the potential reactions of transit countries should the original route be bypassed in favour of new routes. Another reason could be the effort to improve the position for renegotiations of supply contracts with consumers along the way (Vlček 2015, p. 23).

It is worth mentioning that although such events were generally important, after 1996 they did not spur much debate in the Czech Republic at that time, with the aforementioned exception of the disruption in 2008. Similarly to the situation in the natural gas sector, the fact that the country had acquired access to alternative sources of supply and was able to offset the supply curtailment from other sources has prevented any outbreak of panic.

If we explore the public and media debate concerning the Russian presence in the Czech energy market in the case of the oil sector, it is necessary to mention LukOil, one of the Russian oil majors. Although the company is officially a joint-stock company not owned by the Russian state, some authors argue that LukOil is connected with the Russian Government and its business activities comply with Russian national interests (Gorst 2007, p. 7; Kodoušková et al. 2014, pp. 173–175; Korobochkin 2004).

At roughly the same time that Russia was opposing the plan to build an anti-ballistic missile defence in the Central Europe, LukOil expressed its interest in buying stake in one of the Czech refineries and potentially also in Česká rafinérská, one of the two refining companies active on the

Czech market (Vlček and Černoš 2012, p. 159; Kubátová 2008). For the reasons stated above, the intention raised concerns about the potential consequences. As LukOil served as a supplier of crude oil to Czech refineries and bought a network of 44 petrol stations from ConocoPhillips in 2008 (Sulejmanov 2008), the plan made economic sense. Should the company acquire a stake in refining, it would effectively complete the supply chain and shake off the dependence on Czech refineries. However, in 2014 the portfolio of LukOil petrol stations was acquired by Hungarian joint-stock company MOL (Indráček 2014)¹⁵ and the company's interest in the acquisition of refineries waned.¹⁶

Apart from the LukOil's potential influence in the oil sector, concerns were also raised by its role in the Czech political scene. The influential lobbyist Miroslav Šlouf, who had close ties to the current Czech president Miloš Zeman and was behind several political cases in the past, was allegedly working for LukOil. Currently, Martin Nejedlý, a business partner of Miroslav Šlouf, is the president's advisor and also one of the people who helped him to raise the money to fund his presidential campaign. He is also an executive officer of LukOil Aviation Czech, a daughter company of LukOil, active in downstream fuel supply to Prague International Airport (Bloomberg, n.d.). When the company lost a lawsuit against the Czech state over non-delivery of supplies of aviation fuel and was ordered to pay a fine of CZK 28 million (ca. EUR 1 million; Hlaváčová 2016), it was the mother company which later paid the fine, effectively confirming a precarious link between the Russian company and one of the Czech president's closest collaborators (Srňka 2016).

THE NUCLEAR SECTOR

Speaking of nuclear energy, one has to say that the nuclear industry of the Czech Republic (and previously the former Czechoslovakia) was created with major assistance from the Soviet Union. As part of the deal for export of Czechoslovak-mined uranium to the USSR in 1945–1991 for Soviet military research, the USSR was not reluctant to share technology. Therefore, based on a 1955 contract, the USSR assisted Czechoslovakia with the creation of the first nuclear research institute in the country; later, it assisted with the construction of the first nuclear power plant (NPP) in the country (1958–1972, Czechoslovakia design A-1); and based on fur-

ther contracts, it assisted the construction of the Soviet-designed Dukovany NPP and Temelín NPP (Vlček and Suchý 2012, pp. 352–353).

Today, the Czech Republic is a nuclear country, housing on its territory two nuclear power plants with six units altogether. The Dukovany NPP commissioned in 1985–1988 comprises four units of the VVER-440 V213 type, with 440MWe original installed capacity. The newer Temelín NPP commissioned in 2002 has two VVER-1000 V320 units of 1000 MWe original installed capacity.

Between 2009 and 2014, a public procurement procedure took place that involved three bidders: Westinghouse Electric Company, LLC, Areva SA and a consortium¹⁷ of Škoda JS, a.s., ZAO Atom Stroy Export¹⁸ and OAO OKB Gidro Press. The strategic dimension of the Temelin procurement procedure was the subject of debate in the Czech Republic, which was extensively reflected in the media. The possibility of the victory of the Consortium raised concerns about growing dependence on Russian investments as well as on the Russian nuclear fuel supply.¹⁹ The topic of the Temelin tender also resonated in Czech political and security debates. On the one hand, there were political representatives who did not conceal their reservations and security concerns, either generally in relation to the Russian attempts to penetrate into Czech economic sphere or explicitly in relation to the Temelin tender (e.g. the former Czech President Václav Havel, or the minister of Foreign Affairs and one of the candidates in the first direct presidential elections in 2013, Karel Schwarzenberg; ČTK 2010a; Šídlová 2013). On the other hand, there were politicians who explicitly refused these geopolitical concerns in relation to Russian participation in the procurement procedure and openly stood up against ostracism of the Consortium because of these reasons (e.g. Miloš Zeman²⁰ and former President Václav Klaus, whose positive comments regarding possible Russian investments in the CR and the reciprocal Czech investment opportunities in Russia were well-known during the periods of his presidency; ČTK 2010b).

It is also worth noting that Russian business and political representatives have more than once openly expressed interest in winning the contract, e.g. in the framework of meetings and negotiations with Czech representatives, which was also commented on by the Czech media. As an example, it is possible to name the open expressions of Russian Deputy Prime Minister Alexander Zhukov, who said after the meeting of the Czech–Russian Intergovernmental Commission in October 2010 that the Russian side expects

the victory of the Consortium, regarding the advantageous character of its offer (ČTK 2010c). As another example, we could mention the visit of Valentina Matviyenko, the President of the Federation Council, the upper chamber of the Russian Parliament, to the ČR in March 2013. On the occasion of her meeting with the President of the Czech Senate, Milan Štěch, she underlined the new occasions of Czech–Russian cooperation in the sphere of nuclear energy and appealed to the “fairness” of the procurement procedure (ČTK 2013). The participation of the Czech–Russian consortium in the tender was thus accompanied by the active support of Russian business and state representatives. On the other hand, this practice is not typical only of Russian representatives; examples could also be found of similar expressions of support, e.g. for the Westinghouse project by American diplomats.

Even though the public procurement procedure was stopped in May 2014 for multiple reasons, the most pressing being the lack of any Governmental guarantees or stabilization mechanism for the future price of electricity (Osička and Černoch 2017, p. 12), the period of roughly 2007/8–2014 saw strong Russian subjects entering the industrial sector of the Czech Republic. The importance of the Czech nuclear industry for Russian companies and interests is illustrated in the following subchapter.

RUSSIAN COMPANIES IN CZECH ENERGY AND ENERGY-RELATED INDUSTRY

Compared to the popular perspective and media representation of substantial Russian penetration into the Czech energy and energy-related industries, which is accompanied with concerns and fears of Russian control especially over the Czech nuclear industry, the Russian presence is rather limited in these sectors. In fact, the whole (not exclusively nuclear-related) manufacturing industry counts only for 16% and professional, scientific and technical activities only for 7% of major Russian business in the Czech Republic (over CZK 25 million) (Neovlivni.cz 2016).

However, there was a period of time when Russian interest in the Czech energy sector, particularly the nuclear one, was clearly visible, and that was the period of the aforementioned public procurement procedure for construction of the Temelín nuclear power plant units 3 and 4 (roughly 2007/8–2014). It was not just the project that was part of the tender, but the construction work itself, which made the entire endeavour a key

project (Vlček and Černoš 2013, p. 145). Seven major companies related to nuclear industry emerged with Russian capital or was purchased by a Russian subject: ALVEL, a.s.; ARAKO spol. s.r.o.; ČKD Blansko Holding, a.s.; MSA, a.s.; Rosatom Central Europe s.r.o.; STANOK s.r.o.; and Temac, a.s.

The reasons for this may be threefold: *contractual*, *political* and *economic*. Each bidder presented the idea that Czech companies should participate in a major way in the execution of the project. The Consortium calculated a minimum of 75% involvement of Czech companies, Westinghouse Electric Company, LLC identified the possibility of up to 70%, and Areva SA hoped for more than 60% (Český rozhlas 2012; České jaderné fórum 2012; Novinky.cz 2014). During the procurement procedure, the Consortium closed binding preliminary contracts with 10 major Czech industrial subjects to fulfil the promise (see Table 5.1). There were tens of memoranda for cooperation signed between the Consortium and a variety of companies; however, these are too vague compared with the binding preliminary contracts that defined in detail the conditions for cooperation with the Consortium in case of its victory.

Even though not all of the companies were actually Czech, we also cannot say that the Consortium supported companies with Russian capital to create a network of interest-relations to dominate the project with Russian enterprises. Besides Škoda JS a.s., which was already part of the Consortium, there was no Russian subject. It is also important to stress that these involvements of Czech companies and memoranda signed was nothing but public relations activities. No company could have guaranteed that such a thing would actually materialize because they would have been obliged to purchase services and products from the companies through procurement procedures. There was no guarantee that Czech companies would win the procurement process. Therefore it can be clearly stated that the process of Russian subjects entering the industrial sector of the Czech Republic does not stem from *contractual* obligations.

Another reason might be a *political* one, i.e. to create leverage on the contracting state and thus to influence the outcome of the procurement process. However, there are major structural differences in the nuclear sector compared to other energy sectors (oil, gas, etc.) that limit such behaviour by nuclear companies. For example, given the limited amount of contracts in the nuclear sector and the revenue implications of each one, contractors also need to proceed very carefully in order to protect their chances of winning future projects. The contractors' competition during a

Table 5.1 Binding preliminary contracts of The Consortium

<i>Subject</i>	<i>Ownership structure</i>
HOCHTIEF CZ a.s.	Fully owned by German company HOCHTIEF Aktiengesellschaft, whose majority (71.72%) is owned by Spanish Actividades de Construcción y Servicios S.A.
I&C Energo a.s.	Fully owned by PI 1 a.s., which is in turn fully owned by Poisson Investments a.s., which is likely to be owned by Martin Štefanko, the only member of the Supervisory Board of I&C Energo a.s.
KRÁLOVOPOLSKÁ RIA, a.s.	Ownership uncertain; allegedly 7% owned by Ctirad Nečas, CEO of the company, and 93% owned by Conoscenza a.s. The ownership of this company is unknown but probably consists of Czech businessmen. The company has been in insolvency since August 2017
OSC, a.s.	66% subsidiary of Czech dominant national supplier ČEZ, a.s. (69.8% owned by the Ministry of Finance of the Czech Republic)
PSG-International a. s.	Fully owned by KUS a.s., which is in turn fully owned by CLOUGH a.s., which is owned by a member of the Supervisory Board of PSG-International a.s. Rudolf Skaunic (50%) and Juraj Surovič (50%)
Sigma Group a.s.	Fully owned by SPL Holding a.s. (owned by Cyprus-based TZ Stones Mining Limited, which is in turn owned by Milan Šimonovský, chairman of the board of Sigma Group a.s.)
Škoda JS a.s.	Fully owned by OMZ Objedinennye Mashinostroitelnye Zavody (United Heavy Machinery Plants) owned 98.942% by CJSC Gazprombank
ÚJV Řež, a.s.	ČEZ, a.s. (52.46%), Slovenské elektrárne, a.s. (27.77%), Škoda JS a.s. (17.39%) and Husinec municipality (2.38%)
ZAT a.s.	100% owned by Brixen Investments Czech Republic a.s. (with the only shareholder being Jaroslav Scharf)
ZVVZ Enven Engineering a.s.	Fully owned by ZVVZ GROUP a.s., which is in turn fully owned by Cyprus-based Ges Industry Europe Limited

Source Compiled from public sources by T. Vlček

procurement process is usually a sensitive one, and attempts to use a nuclear contract as leverage on a particular country would cause substantial damage to contractors' reputations, and would weaken its position regarding future contracts. Additionally, no contractor can afford to be found guilty of misusing any particular project to assist the political goals of its domestic government, as it would essentially destroy not only its long-term future but also its immediate market capitalization (Jirušek and Vlček et al. 2015, p. 53).

Naturally, no one could guarantee that political pressure might not have taken place during the bidding and procurement processes. The rather scarce contracts are usually worth billions of Euros and it is thus natural that contractors give each potential contract high priority and are often supported by their home governments by various means (rhetorically, formally by officials during state visits, by foundations and partnership programmes, state guarantees, etc.). The character of garnering influence when proper public procurement procedures are followed is however difficult. It took three years for ČEZ, a.s. to prepare the documentation specifying the conditions of the project, and it was created by a group of several dozens of experts. Ultimately this documentation comprised of more than 6000 pages employing over 11,000 criteria to be met by the bidders in order to succeed in the procedure. This has left basically no room for any shadowy deals or backroom negotiations and it also strongly contradicts the idea that the Russian subjects were entering the industrial sector with the target of influencing the procurement process. The Russian subjects eventually tried to orient the lobbying and influence-gathering at politicians, decision-makers and local lobbyists, i.e. at those who could actually influence the procurement procedure, but with very questionable outcomes thanks to the detailed specifications of the public procurement documentation. To sum up, the process of Russian subjects approaching the companies in the industrial sector of the Czech Republic does not even stem from *political* reasons, i.e. from an effort to influence the decision in the procurement procedure.

This ultimately leaves us with the *economic* reasoning for Russian entry into the Czech energy industry. As stated above, between 2007 and 2014, several major companies related to the nuclear industry emerged with Russian capital or were purchased by Russian subjects. These were: ALVEL, a.s.; ARAKO spol. s.r.o.; Chladicí věže Praha, a.s.; ČKD Blansko Holding, a.s.; MSA, a.s.; Rosatom Central Europe s.r.o.; STANOK s.r.o.; and Temac, a.s. (see Table 5.2). Besides the members of the Consortium, only ALVEL,

a.s., ARAKO spol. s.r.o. and Chladící věže Praha, a.s. were purchased by a Russian state-owned company—Rosatom State Atomic Energy Corporation in both cases. ALVEL, a.s. is a company aimed at marketing OAO TVEL's nuclear fuel products for VVER reactors in Europe, and towards engineering services and supplies for the nuclear industry. ARAKO spol. s.r.o. is a major manufacturer of industrial valves for the energy, chemical and petrochemical industries. Chladící věže Praha, a.s. was the biggest Czech constructor of cooling towers of all types and sizes, which fell into bankruptcy shortly after the tender was cancelled, when due to sanctions imposed against Russia, the company was unable to acquire new orders. The rest of the companies are privately owned or publicly traded and there is no clear link between their entry into the nuclear industry of the Czech Republic and the interests of Rosatom State Atomic Energy Corporation (or the Consortium).

It is rather the economic interest of these subjects and the potential to make money from downstream services and industries during construction, especially (but not exclusively) should the project be granted to the Consortium, that has driven their decisions to invest in the Czech Republic. Given the size of the Temelín 3 and 4 project and its budget—expected to be CZK 200–300 billion for the whole project—these companies expected to participate in the project no matter who would be the winner.

Russian investments in companies focusing on nuclear downstream industries—industrial gaskets and seals for power engineering, metal-working machines, industrial valves production, engines and turbines production—was thus a smart business decision rather than an instrument of leverage on the public procurement process.

Aside from the companies related to the public procurement process for the construction of the Temelín nuclear power plant units 3 and 4, there are several other energy industry related companies with Russian capital or ownership. Pilsen Steel s.r.o. and Vítkovice Steel, a.s., both primarily steel producers, have been purchased by Russian subjects in 2004 and 2005, respectively. Pilsen Steel s.r.o., having major financial problems, is currently owned by Vnesheconom bank. Vítkovice Steel, a.s. was sold by its Russian owner Evraz plc in 2014, even before the tender was cancelled. ÚJV Řež, a.s., the most important Czech nuclear research institute, focusing on design and engineering, fuel cycle chemistry, radioactive waste, operational support for nuclear and conventional power plants and nuclear research and development, has been partially owned by CJSC Gazprombank since 2001. The reason for that is in the fact that OMZ Objedinnyye

Table 5.2 Major energy-related companies in the Czech Republic with Russian ownership

<i>Company</i>	<i>Sphere of business</i>	<i>Russian entry</i>	<i>Russian ownership</i>
ALVEL, a.s.	Nuclear fuel, scientific and engineering services and supplies for nuclear industry	2012	Joint venture of OAO TVEL (a 100% subsidiary of Rosatom State Atomic Energy Corporation) and Czech ALTA Invest a.s. 100% AO Atomenergomash (80.6296% owned by OJSC Atomic Energy Power Corporation Atomenergoprom, which is fully owned by Rosatom State Atomic Energy Corporation)
ARAKO spol. s.r.o.	Manufacturer of industrial valves for the energy, chemical and petrochemical industries	2007	100% Gardex, a.s., which is 51% owned by AO Atomenergomash (80.6296% owned by OJSC Atomic Energy Power Corporation Atomenergoprom, which is fully owned by Rosatom State Atomic Energy Corporation). The company has been bankrupt since 2016
Chladivěže Praha, a.s.	Construction and repairs of cooling towers of all types and sizes	2011	100% ZAO Vostok-Service (Vladimir Golovnev, a former deputy in the State Duma is the Vostok-Service's president and main shareholder)
CERVA GROUP, a.s.	Producer and supplier of workwear and safety footwear	2006	100% JSC Tyazhmash (a publicly traded company with the biggest shareholders AO Arcopag 27.2%, AO PromEnergoSbyt 29.9%, AO Promtyazhmash-inzhiniring 10.3%, and Andrey Fedorovich 5.8%)
ČKD Blansko Holding, a.s.	Engines and hydropower turbines production	2010	

(continued)

Table 5.2 (continued)

<i>Company</i>	<i>Sphere of business</i>	<i>Russian entry</i>	<i>Russian ownership</i>
Lukoil Czech Republic s.r.o.	Oil products retail	2007 ^a	100% Lukoil CEEB (Central and Eastern Europe + Belgium) in 2007–2014, a subsidiary of PAO Lukoil, sold to MOL Rt in 2014
MSA, a.s.	Industrial valves production (incl. for pipelines and nuclear power plants)	2010	100% JSC ChTPZ, Chelyabinsk Tube Rolling Plant (ChelPipe) through Kimera Group (the biggest shareholders of JSC ChTPZ are Mountrise Limited 51.99%, Pervoualsk New Pipe Plant 33.09%, and Bounceward Limited 6%)
Pilsen Steel s.r.o.	Steelmaking and heavy machinery company (incl. steel, castings and forgings for nuclear power plants)	2004	Pilsen Steel s.r.o. was owned by OMZ Objedinenyye Mashinostroitelnye Zavody in 2004–2011; the company went bankrupt in 2011. Since 2012, the company was saved through a massive investment by its new owner Pilsen Toll s.r.o., whose 100% shareholder is Vnesheconombank
Rosatom Central Europe s.r.o.	Nuclear energy	2014	100% Private institution of Atomic Energy Power Corporation “Rusatom International Network” (Private institution RAIN), owned by Rusatom Overseas JSC, which is in turn fully owned by Rosatom State Atomic Energy Corporation
Škoda JS a.s.	Nuclear power plants engineering, service and components production	2004	100% OMZ Objedinenyye Mashinostroitelnye Zavody (United Heavy Machinery Plants) owned 98.942% by CJSC Gazprombank

(continued)

Table 5.2 (continued)

<i>Company</i>	<i>Sphere of business</i>	<i>Russian entry</i>	<i>Russian ownership</i>
STANOK s.r.o.	Metalworking machines such as lathes, milling machines, forging devices, drilling machines, gear machining, sheet-metal cutting, laser cutting, plasma cutting, bending and cold rolling	2008 ^a	100% OOO KR PROM
Temac, a.s.	Manufacturer and distributor of industrial gaskets and seals for power engineering, chemical, gas, oil, petrochemical and general machine-building industries	2012	100% ZAO VATI-PROM
ÚJV Řež, a.s.	Design and engineering, fuel cycle chemistry, radioactive waste, operational support for nuclear and conventional power plants, nuclear research and development	2004	17.39% is owned by Škoda JS a.s., a subsidiary of OMZ Objedinenyye Mashinostroitelnye Zavody (United Heavy Machinery Plants) owned 98.942% by CJSC Gazprombank
Vémex s.r.o.	Natural gas and electricity retail	2001 ^a	50.14% Gazprom Germania GmbH and 33% Centrex Europe Energy & Gas AG (believed to be also a Gazprom subsidiary)
Vítkovice Steel, a.s.	Steel production	2005	99% Evraz plc in 2004–2014 (sold to Ukraine's Industrial Union of Donbass)
Wingas GmbH	Natural gas	1990 ^b	100% owned by Gazprom

^aCompany created in the Czech Republic by Russian subject. In 2018, the company was taken over by Wingas (see below).

^bCompany founded in Germany by Gazprom and Wintershall, taken over by Gazprom in 2015. Active in the Czech Republic since 2006

Source: Compiled from public sources by T. Vlček

Mashinostroitelnye Zavody (98.942% owned by CJSC Gazprombank), the new owner of Škoda JS a.s. since 2004, became a shareholder of all Škoda JS a.s.' enterprises and joint ventures, including its 17.39% share in ÚJV Řež, a.s. The explanation for these investments can actually be completely different. Before the drop in oil prices, the Crimea crisis and the devaluation of the Rouble, the Russian Federation planned massive investments in its domestic energy sector. A desire for strong, established European companies with the know-how and adequate capacity to be used for Russian domestic needs could have been behind the investments in Czech industry in the 2000s.

Speaking of the hydrocarbon industries, in the 2000s PAO LukOil was interested in refineries in the Czech Republic and therefore created an office in the Czech Republic (LukOil Czech Republic s.r.o.). After several unsuccessful efforts, it withdrew from the Czech Republic in 2014 and sold its small network of petrol stations to the Hungarian company MOL Rt. PAO LukOil remained in the country a little longer through its subsidiary LukOil Aviation Czech, s.r.o., active in fuel supply to Prague International Airport. The company went bankrupt in 2015. In the natural gas sector, the Vemex s.r.o. company was one of natural gas retail companies in the country since 2001. The Russian presence in the company was executed through Gazprom Germania GmbH (50.14%) and Centrex Europe Energy & Gas AG (33%, believed also to be a Gazprom subsidiary). In early 2018, Vemex closed its business for financial reasons and the company was taken over by Wingas, which is controlled by Gazprom. Nevertheless, the rather minor importance of the company for the Czech market remained the same.

To sum up, Russian interest in the energy and energy-related industries of the Czech Republic is in general not particularly strong. It was strengthened by the public procurement procedure for the construction of the Temelín NPP units 3 and 4, but even so, the primary reason for investments in these particular sectors were and are first of all economic with the potential of making big money in the nuclear downstream industries no matter who the actual winner of the tender was. The fears and concerns connected with Russian interest in influencing the tender being the main reason for the investments seem to be unfounded and the media depiction of Russian interest in the Czech energy industry might simply be exaggerated.

Russian capital in the Czech Republic, as well as Russian economic espionage, cannot, however, be completely underestimated. There are many companies owned by a variety of offshore companies, whose real owner

is basically impossible to uncover. Speaking of economic espionage, it is strong, but particularly in different fields, mainly communications and information technologies. Russian interests are in modern technology centres that emerge in Brno, Prague and elsewhere; they are interested in industrial Research and Development. The Security Information Service repeatedly reports on Russian efforts to apply for EU funds (grant schemes) through different organizations, institutions, think-tanks, etc. related to industrial Research and Development (Bezpečnostní informační služba 2016).

HYBRID THREATS AND CZECH ENERGY SECTOR

Although in recent years the energy issue has been increasingly discussed with reference to Russia, and Russian investments are seen with increasing wariness as a potential security threat, the energy sector in the Czech Republic has not hitherto been strongly linked with Russian influence—and nor is it today, in the context of the threat of a hybrid war. The security of supplies of oil and natural gas ceased to be a relevant issue when the Czech Republic diversified its import portfolio and transit routes for oil and natural gas in 1996 and 1997 respectively. Ceasing to be dependent on supplies and transit routes from Russia, this potential pressure point disappeared. The commissioning of new supply routes increased Czech energy security and ultimately changed the discourse as concerned with energy policy. Thus both the oil and the gas subsectors ceased to be seen as potentially vulnerable. The advantage of having diversified sources of supplies was then most manifest during the gas crisis of early 2009, as noted above.

In gas as well as oil supplies, all of the actors involved essentially behave as market actors, and the nature of the environment in which they operate does not offer leeway for external interventions or for exerting pressure. The Czech Republic is integrated into the Western gas network and operates within the EU internal energy market; it is also the global nature of the oil market that speaks in favour of the low politicization of supplies. Arguably, then, there is no fear of negative Russian influence over gas and oil supplies, largely because alternative supply routes have been built up. At present (2019) there is no ongoing project in the Czech Republic in either of the subsectors, where such concern over Russian influence might arise. New Russian gas pipelines are often discussed (at the time of writing of this chapter, Nord Stream 2 in particular); Czechs see this through an economic lens, and no fear of Russian influence resonates in society in this

respect. This is particularly because Czech Republic is well integrated into the Western European gas pipeline infrastructure, which, even if Russian exports were reoriented to new pipelines, would remain part of the supply chain. Thus, we note that in the natural gas and oil sectors, there is no opportunity for such activities as have been mentioned in connection with the hybrid war concept.

Generally speaking, hybrid threats are relatively limited in the nuclear sector too. Certainly, one can observe the specific behaviour of individuals who publicly promote Rosatom as the best choice (for example president Miloš Zeman and energy expert František Hezoučský); the participation of people linked with the Kremlin in various negotiations over the construction of new nuclear power plants (Klímová 2018); and the current narrative about the knowledge and experience of the expert community with Russian (Soviet) technology, according to which the MIR 1200 reactor is supposedly the best choice. It is arguable how much this narrative is autochthonous, and how much implanted into the sector by a third party. Nonetheless, the reason for the limited manifestation of hybrid threats in the nuclear sector is two-fold. First, the sector is strongly regulated in technological and safety terms. Second, there is actual independence (Temelín plant, VVER 1000) and theoretical independence (Dukovany plant, VVER 440) concerning suppliers of fuel. Indisputably, the position of the Russian suppliers of nuclear fuels is much stronger than that of their competitors. But there is no dependency per se and the leeway for exerting pressure is small, not least due to the competitive nature of the nuclear fuel market. Currently, there are therefore no significant hybrid threats connected with nuclear energy in the Czech Republic. However, it can be expected that the situation will change in the future in connection with advancement of the projects to build new nuclear power generating facilities. One may thus expect an increased interest on the part of the Russians, and hence also growth in their activities. In this respect, the expert community in particular may become a target for a campaign; the community has long historical experience with Russian technology, and hence also a tendency to speak in its favour, thus developing the narrative noted above and influencing popular opinion. In a similar spirit, we can expect that the Russian side will also generally target its information campaigns at the broader population.

CONCLUSION

In spite of the relatively low politicization of Russian presence and influence in the Czech energy sector in general, it was possible to detect particular topics that appear to be sensitive as a part of the public debate—particularly reflected in the media—and were also notable in political and security discussions. Symptomatically, these debates usually only appeared for a certain period of time, as they revolved around certain formative events within the energy sector, typically the construction of infrastructure projects or sector-related facilities. The public and political debate in these cases often reflected the general trends which existed in Czech public and political discussions about Russia, Russian influence, interests or even threats since the 1990s. At the same time, this political and public debate has not only been influenced by these general discursive streams, but also by ideological orientation, personal specifics and interests and last but not least also by the overall political-security environment of Czech–Russian relations.

On the other hand, as the Czech Republic went through the transformational period with relative success and was one of the first post-communist countries that diversified its energy import portfolio, these debates have had a rather limited impact. The source and route diversification which was conducted both in the gas and oil sector in the mid-1990s influenced and moderated significantly the later impact of such events as Russian–Ukrainian gas disputes or the cases of reductions or even temporal interruptions of deliveries of Russian oil through the Druzhba pipeline on Czech energy security. Due to diversification and thus the alleviated dependence on Russian supplies, any threats of supply curtailments could be easily offset by supplies from other sources. Therefore, in spite of other intervening factors which must be taken into account as well, when we look at the way these events were portrayed and presented (e.g. in the case of the Russian–Ukrainian crisis in 2009, coinciding with the Czech Presidency of the EU, which especially moderated the discourse of governmental representatives and also to some extent the way the topic was portrayed in the media), the effect of only limited dependence on Russian supplies is indisputable. But the relatively low level of securitization of supplies in Czech public and political discourse does not mean that this topic has not been debated at all. A typical example is the case of supply issues related to the Druzhba Pipeline in 2008.

In the nuclear energy sector, the most typical example, which was also portrayed as potentially controversial issue by media, was definitely the

participation of ZAO Atom Stroy Export (as a part of the Czech–Russian consortium) in the public procurement procedure for the construction of the new blocks of Temelin power plant. The fact that the Temelin tender and Russian participation became topics of both political and also media debate is connected with the specific nature of the nuclear power sector. The Russian presence in the Czech nuclear power sector is an indisputable fact. Further possible strengthening of the Russian presence thus provoked certain controversies, together with the attempts at active support by Russian business and state representatives for the Russian–Czech consortium. On the other hand, this conduct—vocal interventions of state representatives and their support for the companies, which took part in the public procurement procedure—was typical not only of the Russian representatives. This practice is not rare in cases of important contracts, even though the outcomes of such kind of lobbying are debatable.

The last sub-chapter, which concentrated on mapping the overall participation of Russian companies in the Czech energy sector and energy-related industries, showed that compared to the popular perspective and media representation, these activities are rather limited. This applies also to the public procurement procedure for the construction of unit 3 and 4 of the Temelin NPP, which coincided with the rise of several new large companies with Russian involvement within the Czech industrial sector. As the analysis showed, the reasons for this growing Russian presence cannot be labelled as purely political, because of the specifics of the nuclear sector (see above). The behaviour of these—mostly privately owned—companies can also be explained by economic reasons, and their decisions to enter Czech energy sector as smart business decisions, regardless of the result of the Temelin tender. Additionally, one more reason could lie behind the rise of Russian investments in the Czech energy sector during the first decade of the twenty-first century (disregarding the public procurement around Temelin): Russian efforts at gaining new technologies and know-how for further development of the Russian domestic energy industry, which was planned before the Ukrainian crisis and the rising problems of Russian economy in connection with the fall of oil prices in 2014/15. Both the business and also the cultural environments of Central Europe represented quite favourable conditions for the realization of these efforts.

On the other hand, even if these findings could lead us to the conclusion that the wary discourse about the existing and real threats connected with Russian presence and influence in the Czech energy sector and industry may be exaggerated, its opposite—mean-

ing the overall underestimation and downplaying of these phenomena as a “false anti-Russian campaign”—represents another extreme. A cautious approach is appropriate, especially in the case of phenomena connected with dangerous business practices—e.g. the unclear and shadowy ownership structure of some companies which operate in the Czech market, personal links between businesses and Czech political representation, or the efforts to gain modern technologies or to penetrate existing institutions, organisations, etc. via espionage. Especially this latter practice may represent a potential problem, not only from the security point of view but also from that of business. Besides this, the phenomena of industrial espionage and spying activities with the aim of gaining know-how or penetrating grant projects not only touch on the industrial and business spheres but also the spheres of scientific research, development centres or think-tanks. Vigilance aimed in this direction is therefore proper, including the energy and energy-related areas.

NOTES

1. With the exception of Romania and Slovenia.
2. Proponents of this discourse often later also criticized the Western sanctions imposed for the Russian conduct in Ukraine as harmful for the Czech economic interests (Švec 2014).
3. The positive stance towards Russia has its proponents on both sides of the political spectrum. Social Democrats pragmatically stressed economic interests on one side and the idea of Europeanization of Russia on the other. Communists have seen Russia not only as one of the Czech Republic’s most important economic partners but also as a powerful political and security actor balancing the US and the EU. Right-wing sympathisers often admire the centralisation and strong-hand rule in Putin’s Russia, often combining this with criticism of intensifying European integration or EU migration policy, etc. (see, e.g. Kratochvíl et al. 2015, pp. 122–126).
4. Russia in the 1990s was facing serious issues with the transformation process, maintaining the country’s territorial integrity and a general economic crisis that culminated in 1998.
5. However, it is important to note that the impact on European countries, including the Czech Republic, was rather a part of the ‘collateral’ damage caused by the Gazprom’s decision to punish Ukraine.
6. During the Czech Presidency of the EU in January 2009, a special EU summit was held in Budapest devoted to the Nabucco project. The Czech Prime Minister, Topolánek, emphasized there the importance of Nabucco for the EU energy security and independence. On the other hand he explic-

itly refused, that Nabucco was an “anti-Russian project”, but at the same time he admitted that the Nabucco project would be unfeasible in the event that Russia started construction of the South Stream project (Klímová 2009; Týden 2009).

7. The company was also active in electricity trading in last couple of years (Vemex 2012).
8. Gazprom Germania owns 50.14%.
9. Centrex Europe Energy & Gas AG (Austria), as it is officially named, was founded by ZAO AB Gazprombank. Although Gazprom lost its majority in the bank in 2008, deep institutional and personal ties to the Russian government, Gazprom, and President Putin himself remain (Belton 2011). The key person in this regard is Robert Nowikovskiy, founder of the original company Jurimex Energy & Gas Development AG. Centrex, the successor to Jurimex, is also affiliated with a number of other companies in the natural gas sector scattered across Europe, including Serbia, Slovakia, Hungary, Italy, Switzerland, Austria, and Great Britain. Many are believed to work in conjunction with Gazprom (Centerex Group 2016; Kupchinsky 2008; Belton 2011; Gazprombank, n.d.).
10. A person worth mentioning in this regard is Alena Vitásková, head of the Czech Energy Regulation Office. Vitásková was criticized for conflict of interests while chairing the Club of Gas Sector Entrepreneurs, which owned 5% of the VEMEX company (Gazprom’s subsidiary). However, in 2011, after being appointed as the head of the Czech Energy Regulatory Office, she sent the company into liquidation and it eventually ceased to exist (Léko 2011).
11. The abbreviation stands for “Inglostadt – Kralupy – Litvínov”, which are the cities that should have originally marked the pipeline route. Although the route was later partially changed, the name remained.
12. To further foster supply security, six new storage tanks were also built in relation to the new pipeline (Vlček and Černoš 2012, p. 173).
13. The official reason reported by the Russian state was that the supplies were decreased due to technical issues (see iDnes.cz 2008). The economic interests of the companies, which provided the Russian deliveries via the Druzhba pipeline were also sometimes mentioned as a reason for the significant interruption in 2008 (see, e.g. Ekonom 2008). On the other hand, the possible political background of the interruptions of Russian oil deliveries which occurred in the years 2007–2012 was not only pronounced by Czech mass media, but could also be found in discussions of the representatives of Czech energy businesses (see, e.g. MERO ČR, a.s. 2016).
14. E.g. Václav Bartuška, the special envoy of the Czech Republic for energy security, refused speculations of misuse of Russian supplies by the Russian side. But at the same time he admitted that the Czech side did not know

about any particular technical problems and that the reduction in supplies hit only the Czech Republic, not the other neighbouring countries (Kuchyňková 2009, p. 198).

15. It was for the second time when LukOil withdrew from the Czech market. The company was also present in the retail until early 2000s (Indráček 2014).
16. Although the LukOil's interest in the Czech refineries declined over the time the torch was taken over by Gazprom who expressed its interest in buying 32.5% share of the Italian ENI in two refineries—in Kralupy and Litvínov (Petr and Strouhal 2011). However, also this endeavour quietly ended without being materialized.
17. Will be referred to as “the Consortium” for the rest of the text.
18. ZAO Atom Stroy Export is the leading Russian organization building nuclear power plants abroad and accordingly engaged in their modernization. It is supervised by the Rosatom State Atomic Energy Corporation. The larger part of the shares (50.2%) of ZAO Atom Stroy Export belongs to the companies VPO Zarubezh Atom Energostroy (44%) and OAO TVEL (6.2%), which Rosatom controls on behalf of the state, and 49.8% is owned by OAO Gazprombank.
19. The Russian company OAO TVEL (a subsidiary of Rosatom) has always supplied nuclear fuel for all Czech reactors, with the exception of the years 2000–2009, where the initial core and four reloads for Temelín NPP were supplied by Westinghouse. Temelín NPP however experienced massive malfunctions related to the geometric stability of the fuel that eventually led to premature unloading of all of Westinghouse's fuel assemblies despite financial losses, and replacement with Russian OAO TVEL fuel in 2009 (Vlček 2016) based on a public procurement procedure.
20. See Pravec et al. (2013).

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