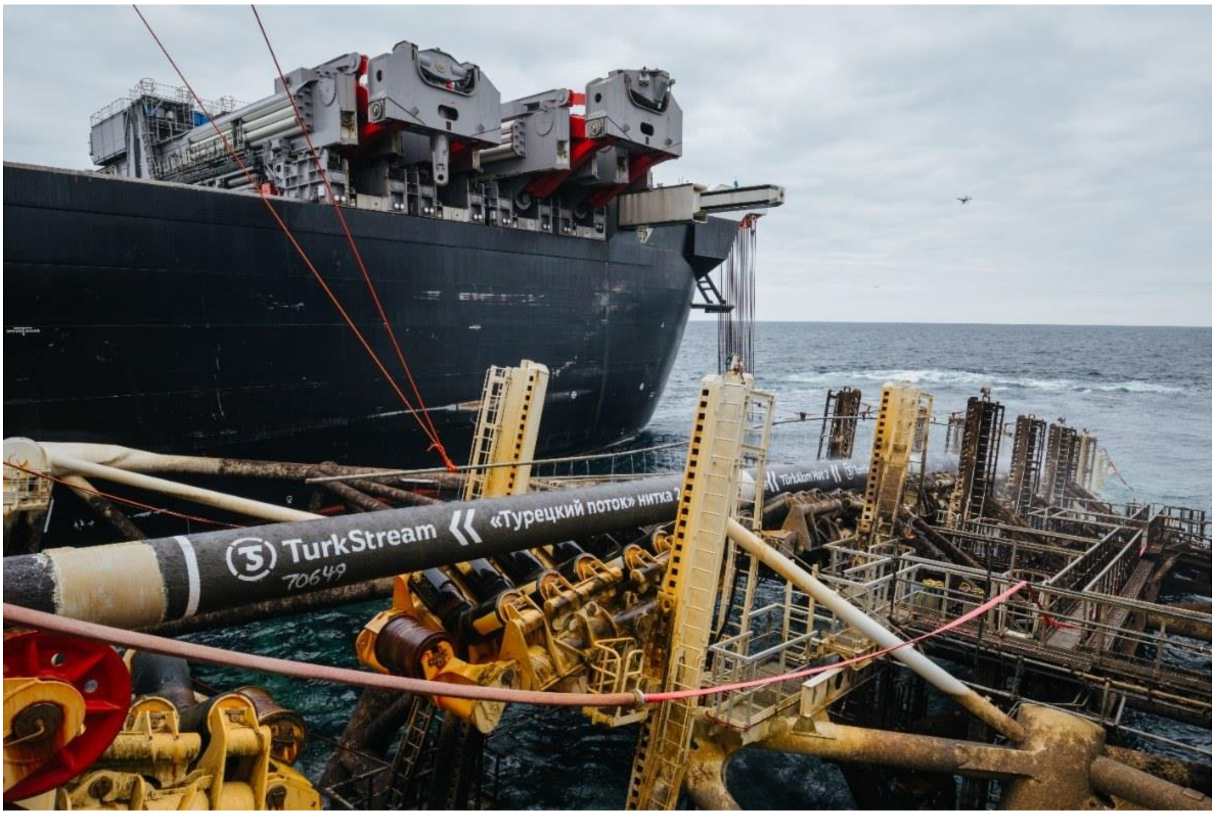

Image Source: https://www.offshoreenergytoday.com/gazprom-turkstream-pipeline-installation-completed-ahead-of-schedule/

Gazprom's "Pipeline Policy" in the Black Sea Region

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The Black Sea is often described as a strategic crossroads, which links east-west and north-south transport corridors. Particularly with regard to hydrocarbon resources, the Black Sea serves as a transit route between suppliers in Russia, the Caspian region, Central Asia and the Middle East and consumers in the European Union. Given its strategic importance, the Black Sea is an important puzzle piece for Russia's "energy superpower" strategy. The Russian energy giant Gazprom has long been the spearhead of the Kremlin's geopolitical ambitions on the international stage. In the Black Sea region, Gazprom's "pipeline policy" pursues the triple objective of maintaining Russia's leading role in the European energy markets, bypassing "uncooperative" transit countries, and expanding Moscow's geopolitical reach in the neighborhood.

Gazprom’s European Strategy

Gazprom’s activities in the Black Sea region are part of the company’s pan-European strategy. As the European Union is seeking to diversify its energy supplies and liquefied natural gas (LNG) is increasingly competing with pipeline gas, Gazprom is under pressure to safeguard its commercial interests in Europe. To this end, Gazprom has been striving to reconfigure transport routes to Europe, by reducing the number of transit countries and establishing direct links to key markets such as Germany. The most prominent example of this strategy is the Nord Stream project, which connects the Russian city of Vyborg to the German city of Greifswald via offshore pipeline in the Baltic Sea, thus bypassing the traditional transit routes that run through Ukraine, Poland, Belarus, Czechia, and Slovakia.

Pipeline Projects in the Black Sea Region

While the Nord Stream project has been at the forefront of energy security discussions in the European Union and has caused serious discontent between the United States and Germany, Gazprom has also made progress with its Black Sea projects. Gazprom’s Blue Stream pipeline, which was officially inaugurated in 2005, sends Russian gas to the Turkish capital Ankara via the port-city of Samsun. The pipeline supplies nearly 65 percent of Turkey’s natural gas imports.

Gazprom is furthermore pressing forward with the TurkStream (or Turkish Stream) pipeline. Building on the success of Blue Stream, Russia and Turkey agreed to build a new Black Sea pipeline in 2014, which will increase the volume of Russian gas deliveries to Turkey and serve as a new route to the European markets. The project was briefly paused in in 2015 due to tensions over Syria, but resumed in the following year. TurkStream will connect Russia with the European part of Turkey near the border with Bulgaria and Greece. The pipeline will consist of two lines, the first of which will supply the Turkish market, while the second will provide supplies for onward transport to the European Union.

TurkStream has been an alternative to the cancelled “South Stream” pipeline to Bulgaria, which Gazprom had to abandon in 2014 due to political and regulatory problems with the European Union. For Russia’s energy interests, the TurkStream project kills several birds with one stone. On the one hand, Gazprom strengthens its grip on Turkey, which is the company’s second biggest costumer after Germany. On the other hand, the planned European line of TurkStream (TurkStream 2) puts competitive pressure on the European Union’s Southern Gas Corridor (SGC). The SGC, which will bring natural gas from Azerbaijan to Europe via the South Caucasus Pipeline (SCP), Transanatolian Pipeline (TANAP), and the Trans-Adriatic Pipeline (TAP), is key to the European Union’s goal to diversify supply and reduce dependence on Russia. The TurkStream deal with Turkey will make sure that Gazprom will retain a strategic position in the region and will not be crowded out by the SGC.

TurkStream furthermore marginalizes Ukraine’s role as a transit country and could potentially enhance Russia’s influence in the Balkans. In the future, Turkey will receive all of its Russian gas directly through the TurkSteam and Blue Stream pipelines, eliminating the need for transit via Ukraine. Bulgaria and Serbia have signaled their willingness to extend the pipeline to the Hungarian border. Alternatively, TurkStream could be connected to the Interconnector Turkey-Greece-Italy or the TAP via Greece. Either way, Gazprom would receive its long-desired Southern backdoor to the European markets, which bypasses Ukraine. Overall, the project could displace Ukrainian transit for gas deliveries to Turkey, Greece, Bulgaria, Serbia, and Croatia.(EGF Gazprom Monitor, Issue 95, April 2019)

The Way Ahead

If realized as planned, Nord Stream 2 and TurkStream 2 will allow Gazprom to circumvent the traditional transit countries and further marginalize Ukraine. While political discussions tend to focus on the implications of Nord Stream 2, the importance of TurkStream for Gazprom’s European strategy should not be overlooked. If Gazprom wants to advance TurkStream 2 and potentially even connect the pipeline with the SGC, the company nevertheless needs to improve the relationship with its European customers. In order to avoid political and regulatory backlash as in the case of the cancelled South Stream project, Gazprom has to offer credible assurances that gas supplies will not be restricted for political reasons in the future.