

The View from Russia | 16 June 2014

Suspension of South Stream pipeline redoubles pressure on Russia

The View from Russia is a fortnightly series in which Open Briefing's Russia researcher, **Erin Decker**, examines news coverage from several major Russian sources, including: RT is a television network and news website funded by the Russian government; *Nezavisimaya Gazeta* is a privately owned newspaper that is generally regarded as pro-opposition; the *Moscow Times* is an English-language newspaper that provides a foreign perspective.

On 8 June, Bulgaria announced that it would suspend construction of the Gazprom-led South Stream pipeline construction project pending a review as to whether it is in compliance with EU law. Some commentators have interpreted the suspension as politically motivated and a tool the West is using to try and force Russia to deal with Ukraine. The South Stream pipeline would allow Russia to bypass Ukraine in order to provide energy supplies to Western Europe. Rows between Russia and Ukraine in the past have resulted in disruptions in energy supplies to the rest of Europe.

An RT article reported that Bulgaria had not actually scrapped the project and that it has only 'temporarily suspended' it because of an EU law stipulating that it must comply with Europe's Third Energy Package, which states that pipelines cannot be owned and operated by the same company; in this case, Gazprom holds more than 50% of the project. RT also reported that Serbia denied that it has halted construction on the section of the pipeline running through its territory and said it had no plans to do so.

Meanwhile, the *Moscow Times* reported that Gazprom is going ahead with the project after all, writing that 'state-controlled gas exporter Gazprom is pushing ahead with the \$40 billion project despite Western sanctions against Moscow over the Ukraine crisis'. A *Moscow Times* article mentioned that a main point of contention is actually the fact that the United States was concerned about Bulgaria's choice of Stroitransgaz to build its section of the pipeline – a company that is owned by Gennady Timchenko, one of Vladimir Putin's inner circle, who was subject to the sanctions the United States imposed several weeks ago on Russian officials.

Another *Moscow Times* article reported that Russian officials are making no secret of the fact that they view the suspension as being an 'underhanded economic sanction thrust on Russia by the West' and just another political lever that the West is using against the country due to the Ukraine crisis. The *Moscow Times* mentioned in nearly all of its coverage that Russia is suspicious that the move is purely politically motivated, whereas RT did not mention this as a possibility at all in its reporting.



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Nezavisimaya Gazeta certainly highlighted this point as well, with headlines calling the suspension ‘the beginning of a third round of economic sanctions’. An important point that *Nezavisimaya* noted that would support this argument is that Bulgaria agreed to the suspension immediately after meeting with a group of US senators, including John McCain, who is well-known for his hardline stance on Russia. Furthermore, the newspaper mentioned a point that the others did not, which is that ‘the European Commission cannot halt construction of a pipeline – Europe’s legal limitations apply only to [pipeline] operations, which means that [construction] work on South Stream will continue’. If this is indeed the case and it is found that the boundaries of the EU law are being stretched to apply to the particular case of South Stream, this would add more weight to the claim that the suspension is more politically motivated than anything else.

Comment

The *Moscow Times* explained the purpose of South Stream as a way to ‘shift the balance of energy power in Eastern Europe away from Ukraine by depriving the country of its leverage as the main transit country for Russia’s gas’; however, RT’s opinion of the pipeline project is that it is ‘a strategy for Russia to bypass politically unstable Ukraine as a transit country and helps ensure the reliability of gas supplies to Europe.’ Russia and Ukraine have had multiple disputes over energy supplies in the past, which usually resulted in Russia using its leverage as the supplier to turn off gas to Ukraine during such disagreements. However, at the same time, Russia was also damaging its relationship with Western Europe as a customer when it did this, as supplies that flowed through Ukraine were disrupted further down the pipeline as well. The South Stream project was a way to resolve this issue: Russia could still use energy supplies as geopolitical leverage against Ukraine, while not disrupting the supply to some of its biggest customers in the rest of Europe. If South Stream construction is suspended indefinitely, Russia will be forced to resolve its conflicts with Ukraine instead of simply bypassing them.

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