

Alternative Version of the South Stream: “TurkStream”

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Abstract: *The sources of energy that enable the economic stability and development of Central and Western Europe are predominantly located in the Russian Federation. It is ambiguous, however, how these raw materials can physically get from the Russian gas fields to Central and Western Europe. During the years of the bipolar world, Ukraine, as a member state of the Soviet Union, served as the primary transit country towards the West, however, after the disintegration of the Eastern Bloc, the smoothness of this route has slowly evaporated. From the beginning of the second decade of the new millennium, the Russian-Ukrainian relations have reached a century-long depth, which necessitated the construction of alternative energy routes bypassing Ukraine. One of these new paths is the TurkStream gas pipeline, on which Turkey – and indirectly – Central Europe might win a lot.*

Keywords: *gas, energy, energy-security, pipeline, conflict on Ukraine, Russia, Turkey, Central Europe, TurkStream, Nord Stream*

Despite the will of the United States, the Russian Federation has managed to diversify her gas transfer routes towards Europe. The new infrastructures enable to bypass Ukraine, which may not only lose her monopoly in this field, but the gainful transit fees as well. The TurkStream is not only a huge possibility for Russia and Turkey, but for some EU member states, mainly Bulgaria as well. A few of the countries, however, lack the necessary funds to build their own infrastructure, which can lead to indebtedness.

Running an Industry

The basic precondition for the operation of every developed market economy is the guaranteeing of the continuous energy flow. Failure to do so will make a country vulnerable, which could result in serious economic and social consequences. Much of the energy resources which serve on a wide basis from enabling the smooth operation of heavy industries to providing proper residential heating of Western and Central European countries are situated in the Russian Federation. In the past, due to her geographical location, Ukraine served as the primary country for oil and gas transport Westward, however, over the last 30 years, she has been widely criticized for her unprofessional approach to this issue.



Map of the Natural Gas Transmission System of Ukraine. Source: EEGA¹

The continuous increase in transit fee and the frequent diversion of the consignment emerged as a recurring problem between the parties involved. Such an attitude affected badly both the Eastern seller and the Western buyer. Moreover, in the last decade the Russian–Ukrainian bilateral relationship has deteriorated so much that even basic economic cooperation is occasionally impossible between them. For the Russian Federation, the continuous sale of her raw materials is a matter of economic viability. Thus, the creation of new transit routes has become inevitable.

Maidan and its Consequences

The rebellion that broke out on Kyiv's Maidan Square in February 2014 fundamentally shook Ukraine and directly led to the Russian annexation of Crimea a few days later. This sequence of acts, however, has unprecedentedly ruined the relationship between Kyiv and Moscow. The anger on both sides only intensified with the referendum held on the peninsula in which its inhabitants decided about the official farewell to Ukraine and the accession to the Russian Federation. Despite the fact that this voting has not been acknowledged in most part of the world, at the same time it provided a sufficient legal basis for Russia to unilaterally expand her size to the detriment of Ukraine. Since in the border region a war is still going on between Ukrainian state forces and Russian supported partisan separatists, Ukraine, by prolonging the conflict, is risking of coming to further territories. Although most of the countries do not recognize Crimea's accession to Russia and demand its return, this geopolitical change has become a practical reality that cannot be modified against the will of Russia, which presumably has already installed a nuclear arsenal in the area². In further pushing so, Ukraine may end up losing additional land, just as she is losing important transit fees due to the emergence of alternative Westbound energy supply routes.

How to Bypass Ukraine

There have been many plans about the creation of possible alternative energy routes connecting Russia and the European Union, bypassing Ukraine. Politically controversial such project was the Nord Stream pipeline system, the genesis of which dates back to the early 2010s. This infrastructure consists of two main pipelines running through the Baltic Sea establishing a direct connection for gas flow between Russia and Germany.³ The importance of energy security and the Western need for Eastern resources cannot be overestimated. This economic reality brought the Nord Stream 2 project to life, which has been at the centre of harsh international disputes from its birth. Since the realisation of this new connector has been an important common interest of both Russia and Germany, even the United States was not able to block it. However, she tried, and in parallel with the deterioration of the Russian-American relations, her opposition towards this project grew continuously leading to imposing sanctions even on some private companies involved in the process.⁴ Another

notable project was the South Stream pipeline, which was on the table between 2007-2014. Even though Central Europe welcomed this idea, in the end it was torpedoed by the European Union by putting enormous pressure on Bulgaria to step back, even accusing her of violating environmental standards⁵ and the European Community law according to which the producer and the supplier of the gas and the owner of the transmission network cannot be the same.⁶ In 2014 Russia decided to eliminate that project and put a modified version of it on the table under the name TurkStream.

The Genesis of the TurkStream

The history of the TurkStream began in December 2014, when the Turkish state-owned oil and gas company Botas Petroleum Pipeline Corporation and the world’s largest natural gas producer, Russia’s Gazprom signed a Memorandum of Understanding to build a gas pipeline under the Black Sea connecting the Russian gas resources with Turkish and European users.



Source: Radio Free Europe – Radio Liberty⁷

In this project it is not difficult to discover the original idea of the South Stream, which fall victim to the policy of the European Union. Two years after the memorandum, in the presence of the heads of states of the parties involved, a countersignature was reached on the agreement on the TurkStream project. The new underwater pipeline network basically consists of two strings. Their construction lasted until the end of 2018 and the whole facility became operational in January 2020.⁸ Through these new lines Gazprom does not only supply gas to Turkey, but also to six European – including some European Union – states – Bosnia and Herzegovina, North Macedonia, Greece, Romania, Serbia, and Bulgaria – as well.⁹ The latter system is called Balkan Stream, which makes from Bulgaria, due to her geographical location, a regional strategic gas distributor.¹⁰ In the recent days, Serbia and Hungary have finalised the connection of their pipeline systems.¹¹ In the near future, Hungary¹² will and Austria¹³ might be also supplied indirectly through this network.

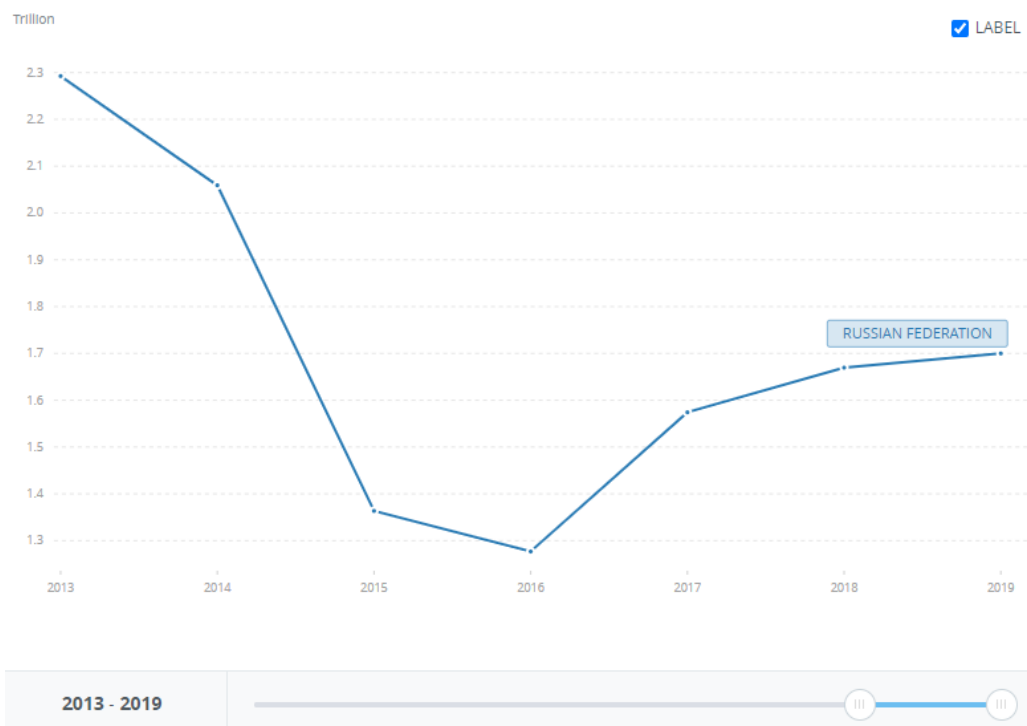
Capacity of the System

Under the Black Sea, the trail of TurkStream stretches from the Russian Federation to Turkey. The pipeline consists of two strings. One of them is intended to provide gas for Turkey and the other is meant to supply the European consumers.¹⁴ The number of the latter is constantly increasing. Based on the abilities of the infrastructure, the continuous flow cannot be a problem since the TurkStream’s aggregate throughput capacity is 31.5 billion cubic meters (15,75 billion cubic meters per string).¹⁵ From a technological point of view, the pipes have a length of 930 kilometres with a diameter of 81 centimetres. The depth they are laid even exceed two kilometres.¹⁶ The receiving terminal can process 6.5 million cubic metres of natural gas per hour.¹⁷

Questions on Financing

For the Russian Federation, the main economic priority nowadays is to uphold the raw material export without any delay, restraint or sabotage. In the past, Ukraine often tapped the gas transit and at the peak of their bilateral tension even threatened to completely suspend it. In today’s tense international environment, this could have catastrophic consequences for the Russian economy which has suffered great losses in the last decade, because of many reasons. The extensive international sanctions,

her exclusion from the G8¹⁸, the loss of Western markets and not least the collapse in oil prices¹⁹ have severely weakened the country's economic potential. After the annexation of Crimea, the loss became tremendous. Consequently, Russia cannot allow anything to hinder her gas export.



GDP of the Russian Federation 2013-2019 (in current USD) Source: The World Bank²⁰

The emergence of new supply routes is not solely a Russian interest. The physical realisation of alternative ways is also important for Bulgaria and Serbia, which can both receive the necessary quantity of gas and save millions of dollars by not having to pay transit fees for Ukraine and Hungary. To this end, both the existing and new Bulgarian and Serbian infrastructures will be used. However, the construction of additional pipelines poses an extra burden on these nations' budgets. According to the sources, the emerging costs are to be covered by a loan both in Serbia²¹ and Bulgaria²², which is planned to be reimbursed from the transit fee income. Ukraine, enduring her current anti-Russian policy, can expect a huge loss of revenue even on the short run.

Conclusion

Even against the strong will of the United States, Russia managed to build and put into operation alternative gas supply routes which reach Europe bypassing Ukraine. As a result, Russian gas export has incessantly become available besides Turkey for many European states too regardless of the business or political interest of Ukraine. Since American liquefied petroleum gas has remained a more expensive alternative that only a few economies are willing to pay, the need for the cheaper and continuous Russian export is vast. Additional winner of the TurkStream project is Bulgaria which has become the regional gas distribution centre for the Russian export. Thanks to the Balkan Stream, Central European states might profit on this project as well. Ukraine's role in the field, however, has greatly devalued and the use of her capacities in the future is no longer a compulsion, but simply a grace.

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