

## MANIPULATION AND PROPAGANDA. HOW KREMLIN ATTACKS GAS SUPPLY DIVERSIFICATION

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Gasport in Krk, Croatia, is going to be the key element of gas supply diversification in Central Europe and Balkans, along with LNG terminal in Świnoujście and the Baltic Pipe. Russian propaganda has recently become more active, attacking the pipeline and LNG supply. Now the time has also come for Krk.

For several years the U.S. has been conducting an active media campaign against Russian gas pipelines. Washington blames Russia for using gas as an instrument of political pressure and proposes LNG to its allies as a favourable alternative for their energy security. Yet, are Americans sincere in their concern about the Europeans, and what lies behind their strategy? Let's look at the facts' – [with these words Anvar Asimov, the Russian ambassador in Croatia, begins his letter published in Vecernij newspaper.](#)

The diplomat lists a number of arguments in favour of Russian resources without any hesitation to bend the reality. Let's examine them.

We read that 'critics of Russia are not able to quote any example of using gas to bring pressure on our neighbouring countries to achieve political goals' as well as that 'gas crises in 2006 and 2009 were not caused by geopolitics but by banal and disgraceful gas theft from Ukraine'.

We shall take up the gauntlet and try to have a closer look at the mentioned by Asimov gas crises. Until recently Ukraine had been entirely dependent on Russian gas supply, and this state was unanimously maintained by many years. Ukraine was neutral or even pro-Russian in return for which it received cheap gas, far below market prices. Of course, with Russian consent and according to mutual agreements.

The issue became problematic for Kremlin only when pro-Western parties took power in Kiev as a result of the Orange Revolution. That is when Russia started to sabotage any forms of agreements, leading to a cut off the gas supply for Ukraine during the winter heating period.

In this way, Kremlin forced Kiev to accept increases in gas prices and, above all, to agree on setting up RosUkrEnergo, an intermediate company between Gazprom and Naftohaz. The main aim of RosUkrEnergo was to lobby for Russia's interests in Ukraine. It is enough to mention that Gazprom holds 50% of shares, and 90% of the second half is possessed by pro-Russian oligarch Dmytro Firtash, currently under house arrest in Austria. Besides, one of the executive directors of RUE was ... a college of Dmitry Medvedev from KGB Academy.

Another gas crisis in 2009 was non-political, too, as suggested by the ambassador. Yet, this time he misses the truth even more. The crisis created by Russia was used to force Ukraine to sign an unfavourable agreement on gas transit and supply (what was then confirmed by Stockholm

arbitration court) and to conclude a contract with lower gas prices – however in exchange Ukraine agreed to extend the term of Russian Black Sea Fleet presence in Crimea for 25 more years.

A few years later Russian forces proved to be ‘little green men’ who annexed Crimea in 2014.

But decrease in gas prices may also be a political tool. Viktor Yanukovich had been offered price reduction the day before Euromaidan started. In return president Yanukovich decided not to sign an association agreement with the EU which turned into massive street protests.

Gazprom also makes use of more subtle methods, for example temporary drop of gas quality (too high water content) during the NATO summit in Warsaw. Should one believe in such a coincidence?

In his letter Asimov mentioned that ‘critics of Russia are not able to quote any example of using gas to bring pressure on our neighbouring countries to achieve political goals’. I hope that by citing above examples, so often formulated in media, I satisfied the ambassador’s curiosity.

Another interesting issue is Asimov’s interpretation of motives behind realisation of Nord Stream 1 and 2 projects as well as Turkish Stream. In his opinion, they will lead to gas supply diversification in Europe. He considers them essential after gas crises during which ‘Ukraine proved to be untrustworthy’.

Let’s look at the facts once again. The decision on cutting off gas supply through Ukraine was taken by Russia only. At the time Kiev was trying to maintain pressure in the points of gas input on the EU territory, making use of the biggest European gas tanks of capacity of about 30 bln m<sup>3</sup>. Every year before heating period they are filled to the 15-17 bln m<sup>3</sup> level in order to supplement potential shortfalls of gas transmitted to Europe. That is why the majority of the gas tanks are located in western Ukraine, although the most energy-intensive industries are in the centre and east of the country.

The purpose of mentioned pipelines is to omit Ukraine in gas transmission. Yet, the good of Europe is not the motive. From 2015 Ukraine has not imported gas from Russia. However, it has been delivered to Ukrainian customers through reverse system from the EU members. It does mean Kremlin lost its possibility of playing gas games with Ukraine since any turn-off of the gas supply would immediately hit the EU.

At the same time, Ukraine needs gas transit through its territory to maintain distribution system. Shortly, its pipeline system is constructed in a specific way – when gas transit is stopped, some of the pipelines will have to be closed and a part of the population will lose access to gas network. In addition, profits from transit ensure about 10% of Ukrainian budget revenue.

In this context omitting Ukraine seems to be the best (though very expensive for Russia) method to destabilise the country, already weakened by the war. It is no coincidence that pro-Russian rival of Petro Poroshenko backs reversion of gas reforms implemented by the current government. Her electoral victory would mean maintenance of gas supply in exchange for submissiveness to Russia and suspension of pro-western trends in Ukraine. Gas is one more time a political tool.

It is not surprising that recently we have observed Russian media attack on projects aimed at gas supply diversification in Eastern-Central Europe and Balkans, with Poland and Croatia as the leading countries. Let us remind that there are already existing gas port in Świnoujście, planned Baltic Pipe connecting Norwegian deposits with Poland as well as planned gas port in Krk.

With the expansion of interconnectors between Baltic and Adriatic/Black Sea pipeline systems, region’s dependence on Russian gas imports could be stopped. In addition, non-Russian gas could be

transmitted to Ukraine (what is already happening with Norwegian resources, reaching our eastern neighbour through Germany).

The ambassador Asimov is right to assert that the U.S. wants to push Russia out from the regional market. More precisely, Washington wishes to find new customers for its gas and make NATO members less dependent on Russian supply of strategic resources. It is not a healthy state of affairs when countries like Slovakia purchase 100% of gas from Russia and are forced to declare a state of emergency in case of interruption of the gas supply, as it was in 2009.

The fact Poland is half dependent on Russian gas but pays for it more than Germany (for which gas is transited through Poland) is also ridiculous. The difference between the two countries is that Warsaw is less keen to make any concessions to Kremlin than Berlin. This is the essence of political use of gas.

That is why construction of the gas terminal in Krk is as important as development of the already existing gas port in Świnoujście and construction of the Baltic Pipe. The projects allow new suppliers to enter the region's market, not only from the U.S. but also from Qatar, the fact that was kept silent by the ambassador. This possibility makes price pressure on Gazprom and enables countries like Poland or Croatia to sit down at negotiation table as partners to Russia. Not as a supplicant thankful for any gas supply offer.