



**RESEARCH PAPER
No. 148**

DECEMBER 2010

**CASPIAN ENERGY GEOPOLITICS:
THE RISE AND FALL OF BURGAS-ALEXANDROUPOLI**

**John Papaspanos
(RIEAS Research Associate)**

**RESEARCH INSTITUTE FOR EUROPEAN AND AMERICAN STUDIES
(RIEAS)**

**# 1, Kalavryton Street, Ano-Kalamaki, Athens, 17456, Greece
RIEAS [URL:http://www.rieas.gr](http://www.rieas.gr)**

RIEAS MISSION STATEMENT

Objective

The objective of the Research Institute for European and American Studies (RIEAS) is to promote the understanding of international affairs. Special attention is devoted to transatlantic relations, intelligence studies and terrorism, European integration, international security, Balkan and Mediterranean studies, Russian foreign policy as well as policy making on national and international markets.

Activities

The Research Institute for European and American Studies seeks to achieve this objective through research, by publishing its research papers on international politics and intelligence studies, organizing seminars, as well as providing analyses via its web site. The Institute maintains a library and documentation center. RIEAS is an institute with an international focus. Young analysts, journalists, military personnel as well as academicians are frequently invited to give lectures and to take part in seminars. RIEAS maintains regular contact with other major research institutes throughout Europe and the United States and, together with similar institutes in Western Europe, Middle East, Russia and Southeast Asia.

Status

The Research Institute for European and American Studies is a non-profit research institute established under Greek law. RIEAS's budget is generated by membership subscriptions, donations from individuals and foundations, as well as from various research projects. The Institute is autonomous organization. Its activities and views are independent of any public or private bodies, and the Institute is not allied to any political party, denominational group or ideological movement.

Dr. John M. Nomikos

Director

**RESEARCH INSTITUTE FOR EUROPEAN AND AMERICAN STUDIES
(RIEAS)**

Postal Address:

1, Kalavryton Street

Ano-Kalamaki

Athens, 17456

Greece

Tel/Fax: + 30 210 9911214

E-mail: rieas@otenet.gr

Administrative Board

John M. Nomikos, Director

Ioannis Galatas, Senior Advisor

Gustavo Diaz Matey, Senior Advisor

Yiannis Stivachtis, Senior Advisor

Darko Trifunovic, Senior Advisor

Charles Rault, Senior Advisor

Research Team

Stefania Ducci, Senior Analyst

Thalia Tzanetti, Senior Analyst

Andrew Liaropoulos, Senior Analyst

Andreas G. Banoutsos, Senior Analyst

Aya Burweila, Senior Analyst

Dimitris Bekiaris, Senior Analyst

International Advisors

Richard R. Valcourt, Editor-in-Chief, International Journal of Intelligence and Counterintelligence

Shlomo Shpiro (PhD), Bar Ilan University

Prof. Daniel Pipes (PhD), Director, Middle East Forum

Prof. Miroslav Tudjman (PhD), University of Zagreb and Former Director of the Croatian Intelligence Service

Dr. Phillip H. J. Davis (PhD), Director, Brunel Center for Intelligence and Security Studies

Col (ret) Virendra Sahai Verma, Former Military Intelligence Officer from India

James Bilotto, CBRN Chief Operating Officer

Prof. Anthony Glees (PhD), Director, Center for Security and Intelligence Studies, Buckingham University

Prof. Vasilis Botopoulos (PhD), Chancellor, University of Indianapolis (Athens Campus)

Prof. Peter Gill (PhD), University of Salford

Andrei Soldatov (MA), Journalist, Editor of Agentura.ru (Russian)

Chris Kuehl, Armada Corporate Intelligence Review

Zweiri Mahjoub (PhD), Centre for Strategic Studies, Jordan University

Meir Javedanfar (PhD), Middle East Economic-Political Analysis Inc.

Luis Oliveira R., International Aviation Security and Special Operations (Portugal)

Daniele Gasner (PhD), Basel University

Prof. Siegfried Beer (PhD), Director, Austrian Centre for Intelligence, Propaganda and Security Studies

Prof. Herman Matthijs (PhD), Free University of Brussels

Prof. Michael Wala (PhD), University of Munich

Prof. Wolfgang Krieger (PhD), University of Marburg

Michael Tanji, Director at Threatswatch.org – (OSINT)

Prof. Ioannis Mazis (PhD), Ioanian University

Robert Nowak (PhD Cand), Institute of History of the Polish Academy of Sciences, Bureau of the Committee for Special and Intelligence Services (Prime Minister's Chancellery)

Lauren Hutton (PhD), Researcher, Institute for Security Studies (South Africa)

LTC General, Prof. Iztok Podbregar (PhD), University of Maribor, Former National Security Advisor to the President of the Republic of Slovenia, Former Chief of Defense (CHOD), Former Director of the Slovenian Intelligence and Security Agency, Former Secretary of the Slovenian National Security Council

Prof. Gregory F. Treverton (PhD), Senior Policy Analyst, Pardee RAND Graduate School

David Jimenez (MA), American Military University (American Public University System)

Sebastian Laurent (PhD), Universite Michel de Montaigne, Bordeaux

Prof. Mario Caligiuri (PhD), University of Calabria

Warren Tamplin, (MA), OSINT Officer, Australia

Col (ret) Jan-Inge Svensson, Swedish Military Academy

Prof. M.L. Maniscalco (PhD), University of Rome (Tre)

Anat Lapidot-Firilla (PhD), The Van Leer Jerusalem Institute, Israel

Julian Droogan (PhD), Editor, Journal of Policing, Intelligence and Counter Terrorism, Macquarie University, Australia.

Panayotis A. Yannakogeorgos (PhD), Rutgers University

Antonio Diaz, (PhD), University of Burgos, Spain

Research Associates

Prem Mahadevan (PhD), Indian Counter Intelligence Studies

Leo S. F. Lin, (MA), Foreign Affairs Police Officer in Taiwan (R.O.C)

Ioannis Konstantopoulos (PhD), Intelligence Studies

Spyridon Katsoulas (PhD Candidate) Greek-American Relations

Ioannis Kolovos (MA), Illegal Immigration in Greece

Liam Bellamy (MA), Maritime Security (Piracy)

Naveed Ahmad (MA), South-Central Asia and Muslim World

Ioannis Moutsos (MA), Independent Journalist

Nadim Hasbani (MA), Lebanon-Syria and North African Studies

Nikos Lalazisis (MA), European Intelligence Studies

RESEARCH INSTITUTE FOR EUROPEAN AND AMERICAN STUDIES

RESEARCH PAPER

No. 148

DECEMBER 2010

**CASPIAN ENERGY GEOPOLITICS:
THE RISE AND FALL OF BURGAS-ALEXANDROUPOLI**

John Papaspanos
(RIEAS Research Associate)

Table of Contents:

❖ INTRODUCTION.....	2
❖ I. THE BACKGROUND FACTS: TBP PIPELINE PROJECT.....	3
❖ II. THE IMPLEMENTATION OF THE PROJECT STALLS.....	4
❖ III. GEOPOLITICS OF THE REGION.....	5
❖ IV. EU PERSPECTIVE.....	6
❖ V. RUSSIAN POSITION.....	7
○ RUSSIAN ADDICTION TO ENERGY RENTS.....	7
○ RUSSIA SEEKS TO ENHANCE ITS GEOPOLITICAL POSITION.....	8
❖ VI. US PERSPECTIVE.....	9

❖ VII. BULGARIAN STANCE: ALTERNATIVE EXPLANATIONS.....	11
○ BYPASSING THE BOSPORUS.....	11
○ BULGARIA’S RESERVATIONS.....	13
❖ VIII. CONCLUSIONS.....	15
❖ WORKS CITED.....	17
❖ APPENDICES 1-4.....	20-23

INTRODUCTION

Although the 2008 economic recession has temporarily abated global energy consumption, many analysts predict that the competition among the major economic powers of the world to secure reliable energy supplies at a reasonable price will strongly intensify in the years ahead.

Fossil fuels¹ (oil, natural gas, and coal) currently dominate the global energy mix. Given the deficiency in funding for the research and development of alternative energy, the use of fossil fuels will continue for many decades to come. In the case of oil, the most important fossil fuel with respect to the global economy, the supply and demand differential will inevitably increase due to a confluence of factors.

On the supply side, the major reserves of the world where supplies can be easily extracted are rapidly depleting. However, the current economic crisis and the resulting decrease in global oil prices have dampened the investment activity necessary to construct new and costly projects to expand production capacity. On the demand side, the growing world population and the rise of the emerging economies will generate a strong upward pressure on fossil fuel prices.

Without the constant inflow of reasonably-priced energy supplies, an economic power cannot maintain its citizens’ standard of living, largely because discretionary income is eroded by higher consumer prices and future economic growth is at risk due to the loss of competitiveness. For this reason, the leading economies of the international community are compelled to fully capitalize on their own natural endowments of energy supplies within their respective borders and to import foreign energy sources to the degree at which they can satisfy their total energy requirements.

¹ Coincidentally, the burning of fossil fuels is the underlying cause of anthropogenic global warming and its attendant harm to the environment.

Some economic powers such as the US, Germany, and China are fortunate enough to have significant domestic sources of energy within their respective borders whereas other countries, such as the member states (MS) of the European Union (EU) have drastically less domestic energy sources. But nevertheless, all the economic powers are not fully self-sufficient in their energy consumption and each country is dependent, at varying degrees, on energy imports from foreign sources. Therefore, the energy security of the economic powers is not only a crucial issue on the domestic affairs agenda, but also a foreign policy imperative regarding national security².

In this context, the Caspian Sea basin is a region of high importance on the international energy map due to its rich deposits of untapped oil and gas resources. Consequently, the major powers (specifically the EU, Russia, and the US) are highly interested in securing the production and transits of the region's energy resources to not only satisfy their energy requirements, but also to maintain reasonable energy prices on the international markets. As the global competition for energy resources intensifies, each power will exercise some combination of political, economic, or even military influence to advance their interests³.

In this analysis, I will focus on the planned energy infrastructure project of Burgas-Alexandroupoli in the context of energy geopolitics concerning the Caspian basin and the wider Black Sea region.

I. THE BACKGROUND FACTS: TBP PIPELINE PROJECT

The concept of the Burgas-Alexandroupoli pipeline (the Trans-Balkan Pipeline or "TBP") was first formulated by the countries of Russia, Bulgaria, and Greece during the years 1993 and 1994 with the purpose of creating a new and reliable oil import route for Russian and Caspian-origin crude oil to Europe. This 280-km pipeline, with 166 km passing through Bulgaria, would have an initial annual capacity of 35 million tons, with a possible future expansion to 50 million tons. The costs of the project have been revised upwards from 900 million USD to 1.5 billion USD⁴.

The planned route of the pipeline would consist of three legs: first, the oil would be shipped by tankers from Russian Black Sea ports to the port of Burgas in Bulgaria. Second, the oil would be transported via overland pipelines to the Aegean port of Alexandroupoli in Greece. And last, the oil would be loaded onto additional tankers and then delivered to international markets. Essentially, the Burgas-Alexandroupoli pipeline would effectively circumvent the congested Bosphorus and Dardanelles straits and thereby enhance EU energy security.

² Energy supplies are the lifeblood of any economy and can restrict the ability of a nation to exercise its military forces if necessary for its national defense.

³ It is important to note that among the three major powers advancing their respective interests in Central Asia, the EU and Russia are more interested in securing the natural gas deposits in the region whereas the US places a higher priority on oil resources.

⁴ "Russia 'Respects' Bulgaria's Stand on Burgas-Alexandroupolis", *Novinite*

On 15 of March 2007, after more than a decade of intermittent talks, the countries of Bulgaria, Greece, and Russia signed the Intergovernmental Agreement outlining the details of the project. The three major parties (Russia, Bulgaria, and Greece) nominated some of their national firms to establish the international company Trans-Balkan Pipeline B.V.⁵ to gain the necessary funding and to start the construction of the pipeline⁶ (*Please See Appendix I*). Almost a year later, on 6 of February of 2008, TBP B.V. was incorporated in the Netherlands for the construction and operation of the future Burgas-Alexandroupoli oil pipeline system.

With the completion of the TBP project, both Bulgaria and Greece would accrue considerable benefits in the Russian-led infrastructure project. Bulgaria would accrue 40-50 million USD per year as “a custom tax for the trespassing oil and some 1,000 new jobs that would be needed for the operation of the renewed port and the pipeline”⁷. Greece views the TBP project as not only an opportunity to upgrade its geopolitical position in the region, but also as an investment with significant economic benefits⁸. First, the project will serve as a successful example of foreign investment that will attract additional capital in the wake of the Greek economic crisis. Second, Greek companies will play a major role in the construction of the project, which will amount to approximately 2.5 billion euros in total costs. About 1,500 jobs will be created during the two-year construction period and 150-200 will be employed in Greece for the operation of the pipeline. Third, Greece will receive about thirty-five million euros per year in transit tariffs for the first phase and then fifty million euros per year in the second phase.

II. THE IMPLEMENTATION OF THE PROJECT STALLS

The TBP project was expected to be completed by late 2010. By that time, the plan called for the construction of vast storage facilities (about 500,000 square meters) at the port of Burgas. Additionally, the TBP B.V. planned to renovate the vessel services facilities of Burgas to accommodate the increased maritime traffic from tankers arriving from the Russian port of Novorossiysk⁹. However, the TBP B.V. is not undertaking the

⁵ The Russian interest is represented by the Pipeline Consortium Burgas-Alexandroupolis Ltd, which owns 51% of Balkan Pipeline B.V., and consists of AK Transneft (33.34%), NK Rosneft (33.33%), and Gazprom Neft (33.33%). The Bulgarian interest is represented by the joint stock company Project Company Oil Pipeline Burgas-Alexandroupolis-BG, which owns a 24.5% share of Balkan Pipeline B.V. Originally, this joint stock company was founded by two state companies of Bulgaria, Bulgargaz (50%) and Technoexportstroy (50%), but in February of 2010, the Bulgarian Finance Ministry assumed full ownership of the joint stock company. Last, the Greek interest is represented by Helpe Thraki AE with a 23.5% share and the Greek government with a 1% share of Balkan Pipeline B.V. The Helpe-Thraki AE entity was established jointly by Hellenic Petroleum (25%) and Thraki (75%).

⁶ “Button gaffe embarrasses Clinton”, *BBC*

⁷ Michaletos, Ioannis, “Burgas-Alexandroupoli Pipeline: Current Role of Bulgaria in Southeast Europe”, *Research Institute for European and American Studies*

⁸ Panagouli, Thodori, “Bulgarian Shift”, *Investor’s World*

⁹ Michaletos, Ioannis, “Burgas-Alexandroupoli Pipeline: Current Role of Bulgaria in Southeast Europe”, *Research Institute for European and American Studies*

construction of the pipeline at this time. In fact, some analysts have even classified the project as being “dead”—largely due to recent actions by the Bulgarian government.

After a period of rapid progression during 2006-2009, the preparation of the project had delayed for more than a year due to three cited reasons: First, “the project company stopped promoting it publicly because of the political tensions before the 2009 elections”; Second, from August 2009 until February 2010, “the Regional Development Minister Rosen Plevneliev, who was in charge of the project, disregarded it in anticipation of transferring it to the Finance Ministry”; Third, the proposed “transfer to the Finance Ministry announced in the spring of 2010 took a long time” to be implemented¹⁰.

As evidenced by the above reasons, the TBP project essentially lost the political backing of the Bulgarian government. For example, the Bulgarian Prime Minister, Boyko Borisov, expressed reservations about the TBP project even before he overwhelmingly defeated Bulgaria’s socialist government in the July 2009 parliamentary elections¹¹. On the 11th of June in 2010, PM Borisov revealed his strong dissatisfaction with the TBP project when he surprisingly announced that Bulgaria would abandon the project because it was not environmentally sound. Further confusion followed when Borisov retracted his statements and claimed that the Bulgarian government did not reach a final decision on the matter.

The downward spiral of the TBP project continued into July of 2010, when Plamen Rusev, the then-acting Director of the joint stock company representing the Bulgarian interest in TBP project, informed Novinite that his expected replacement, Vladislav Emelyanov, “will stall and possibly alter substantially the TBP project. He continued to imply that she was unqualified for the position and he clearly stated that the decision was “completely political”¹².

Such political developments reflect the changing geopolitical realities of the region. In the context of the geopolitical framework of the region, a more in-depth analysis regarding the recent reversal of Bulgaria vis-à-vis the TBP project is included in the following section: *III. Bulgaria’s Stance: Alternative Explanations* under the subheading, “Bulgaria’s Reservations”.

III. GEOPOLITICS OF THE REGION

As is the case with most matters in the sphere of geopolitics, it is difficult for analysts to discern the genuine motivations driving policy decisions unless confidential information is disclosed to the public. Nevertheless, the following examination of the

¹⁰ “‘Political’ Appointment Said to Stall Further Burgas-Alexandroupolis Pipeline”, *Novinite*

¹¹ Dr. Tsakiris, Theodoros, “Russia Takes Another Step Away from Burgas-Alexandroupolis, As Bulgarian Procrastination Continues”, *EKEM*

¹² “‘Political’ Appointment Said to Stall Further Burgas-Alexandroupolis Pipeline”, *Novinite*

interests¹³ of the major powers with respect to the Caspian Sea basin and the adjoining Black Sea and Balkan regions can illuminate the salient features of the region's geopolitics and outline the factors at play in the realization of energy infrastructure pipelines such as the TBP project.

IV. E.U. PERSPECTIVE

As the world's second largest energy consumer and the largest importer of energy products, the EU is a major player in the international energy markets. Analogous to the other leading energy-consuming countries, oil and natural gas supplies dominate the energy mix of the EU, which is mainly dependent on the Persian Gulf states for oil¹⁴ and Russia for gas with over 40% of total supplies.

The energy dependency of the EU on energy imports will augment in the next two decades. According to the World Energy Outlook on current trends, the EU dependency on imported energy will increase from about 54% in 2008 to almost 70% in 2030¹⁵. Oil import dependency is expected to escalate from 76% in 2007 to 94% by 2030. Gas imports are "estimated to account for more than 80% of the projected 2030 demand compared to approximately 60% in 2007"¹⁶.

This increasing reliance on imported energy supplies represents a considerable risk to the future economic prosperity of the EU. Policymakers are beset by the challenge of addressing exogenous factors, including instability in politically volatile energy transit countries, price speculation, import disruptions, but most importantly, the prospect of Russia strengthening its dominance in the EU energy markets, especially in the gas sector¹⁷. In the present, Russia provides approximately one-third of the EU's oil supplies, one-fourth of its coal, and 40% of EU gas imports¹⁸.

¹³ It is important to note that among the three major powers advancing their respective interests in Central Asia, the EU and Russia are more interested in securing the natural gas deposits in the region whereas the US places a higher priority on oil resources. For the US, oil is a strategic product because it can be loaded onto a tanker and shipped to the US whereas it is more difficult to transport gas with the use of LNG terminals. The US is largely interested in gas indirectly, for geopolitical reasons, because there are vast deposits of gas on American soil. The Wall Street Journal reported that "one industry-backed study estimates the US has more than 2,200 trillion cubic feet of gas waiting to be pumped, enough to satisfy nearly one-hundred years of current US natural gas demand." (Casselman, Ben, "U.S. Gas Fields Go From Bust to Boom", *Wall Street Journal*)

¹⁴ In particular, OPEC provides over 50% of total supplies

¹⁵ CSIS-EKEM Policy Report, Re-Linking the Western Balkans: The Energy Dimension pg. 7

¹⁶ CSIS-EKEM Policy Report, Re-Linking the Western Balkans: The Energy Dimension pg. 7

¹⁷ Dr. Glavinis, Panagiotis, "The Security of the EU Energy Consumption"

¹⁸ "Pipelines, Politics, and Power: The Future of EU-Russia Energy Relations", *Centre for European Reform*, Introduction

However, Russia currently lacks the capacity to fulfill future EU energy requirements due to the rapidly rising domestic energy demand in Russia¹⁹ and the deficiency in investment in new energy projects and infrastructure. It is thus “nearly certain that significant amounts of oil and gas from the Caspian region (considered the only area in the EU’s vicinity that can serve as a key producer and transit area of energy resources²⁰) will reach the EU market in the future”²¹.

For this reason, the Black Sea and Balkan regions are essential in providing the energy corridor connecting the Caspian region energy supplies to the EU markets. Russia is vying to direct the future supply routes within its own territory or sphere of influence and thereby maintain its intermediary position, whereas the EU (with the support of the US) is trying to create a new “Southern Corridor” that will bypass Russia through the South Caucasus and Turkey. Furthermore, both parties are seeking to secure energy resources from the same countries of origin in the Caspian basin to feed their supply routes of preference, which adds additional layers of complexity to the region’s energy geopolitics.

In effect, this interplay results in what strategists often describe as a “Geopolitical Chess Game” between the major powers of Russia, the EU, and the US in the Caspian, Black Sea, and Balkan regions.

V. RUSSIAN POSITION

During the 1990s, Russia withdrew its influence from the Balkans and thereby allowed the political and economic affairs in the region to develop on their own with minimal interference by the Kremlin²². However, Russia’s recent empowerment—largely due to its enhanced economic position caused by the rise of global energy prices—has enabled the Kremlin to re-assert its sphere of influence in its “immediate backyard”. For example, on the sidelines of the Black Sea Cooperation Organization, the Russian President stated to reporters that the Black Sea and the Balkans have always been regions of specific concern for our interests, and “it is perfectly normal that Russia with its growing potential returns to the region” for the benefit of Russia and its partners²³.

From the Russian perspective, the aims of securing Caspian energy resources and exerting influence in the Balkan region is of extreme importance to Russia largely due to

¹⁹ The “rapidly growing Russian economy will increase its demand for energy which might have delimitating effects on Russia’s export possibilities prompting her therefore also to search for additional resources – in competition to the EU”. (Franz-Lothar, Altmann, *ELIAMEP*)

²⁰ Dr. Marketos, Thrassy N., “European Energy Security and the Balkans: A Battleground for the Geostrategic Control of Eurasia” pg. 6

²¹ Dr. Marketos, Thrassy N., “Eastern Caspian Sea Energy Geopolitics: A Litmus Test for the US-Russia-China Struggle for the Geostrategic Control of Eurasia”, *Caucasian Review of International Affairs*

²² “Is Bulgaria Tilting From Moscow To Washington?”, *Forbes*

²³ Tsiaras, G., “Energy Battle in the Balkans”, *To BHMA Online*

two major reasons: a) the role of energy rents in Russia and b) the desire for increased geopolitical influence.

○ **RUSSIAN ADDICTION TO ENERGY RENTS**

International relations experts and economists have stated that the Russian economy is “addicted”²⁴ to energy rents—a source of value that is estimated at about half a trillion dollars per year. This figure equals the total value of Russia’s oil and gas supplies minus the cost of extracting them from the ground²⁵. The importance of such a considerable amount of earnings is clear upon examining the current economic data: the sale of oil and gas supplies by Russia represents one-fourth of GDP, two-thirds of its export earnings, and one-half of its federal budget revenue²⁶.

The Russian economy’s dependence on energy rents dates back to the late Soviet Era. At that time, a “massive influx of rents from the 1970s oil windfall flowed into an economic system that had no notion of opportunity cost”, and thus, transformed the physical structure of the Russian economy²⁷. In the present, the Russian government faces the challenge of balancing the twin threats of mitigating the risk of falling oil prices with the problem of energy rents addiction. For this reason, the tax regime in Russia is highly useful in channeling some of the rents to the government and managing the twin threats. Additionally, since the major Russian companies are state-owned enterprises, the government can indirectly calibrate energy production²⁸. In the words of Lukoil Vice President Leonid Fedun, “Oil production will be whatever the government decides it to be”²⁹.

○ **RUSSIA SEEKS TO ENHANCE ITS GEOPOLITICAL POSITION**

Russia can effectively increase its geopolitical position through its energy strategy, particularly in the gas sector (*Please See Appendix 2*). It is important to note that the gas sector is highly relevant to this paper’s focus on the TBP oil pipeline because Russia offered to support the project, which both Bulgaria and Greece greatly desired (at least

²⁴ This concept of “addiction to energy rents” may be problematic for energy producing countries whereas the “addiction to energy consumption” is a larger threat among energy consuming countries (e.g. the latter problem has been cited by the former US President George W. Bush regarding the US economy)

²⁵ “Pipelines, Politics, and Power: The Future of EU-Russia Energy Relations”, *Centre for European Reform*, pg. 67

²⁶ “Pipelines, Politics, and Power: The Future of EU-Russia Energy Relations”, *Centre for European Reform*, Introduction

²⁷ “Pipelines, Politics, and Power: The Future of EU-Russia Energy Relations”, *Centre for European Reform*, pg. 68

²⁸ The Russian government has a strong influence on the state-owned energy corporations. Another indication of their close connections within the power structure of Russia is the fact that current President Medvedev was appointed by Putin to serve as the Chairman of Gazprom’s Board of Directors.

²⁹ “Pipelines, Politics, and Power: The Future of EU-Russia Energy Relations”, *Centre for European Reform*, pg. 69

originally), in order to win their support³⁰ for the construction of the South Stream gas pipeline project³¹.

Although oil constitutes a larger portion of the EU energy mix, the EU is highly dependent on Russian gas imports, and thus, gas is the commodity that is more central to the EU energy agenda. As stated under the “EU Perspective” section of the paper, the import dependency of the EU will increase in the coming years and the additional deliveries required to meet future energy demand will predominately traverse through pipelines. In the absence of a common EU external energy policy, Russia’s state-owned gas company, Gazprom, has been highly successful in engaging the individual MS of the EU and entering into long-term, bilateral contracts for the sale of gas—and thereby strengthening its grip on the EU energy markets.

Russia’s primary intent in the Caspian Sea basin is to purchase natural gas resources at a cheap price and to employ its vast distribution network to transport this gas to European markets to sell at a much higher price. In this way, Russia can solidify its strong position as the EU’s main gas importer and gain any attendant economic and geopolitical benefits.

Following this energy strategy, Russia has envisioned the South Stream gas pipeline project³² as an outlet of Caspian energy resources to the EU. In fact, South Stream will directly compete against the US/EU-backed Nabucco and ITGI³³ gas pipelines. Both projects are designed to supply the same markets and their pipeline routes are almost identical. With the advantage of “practically being the sole outlet for Central Asian gas, Russia is able to purchase cheap gas from these states which is utilized for domestic consumption, thus freeing up Russian gas for export to Europe, often at twice the price.³⁴” According to analyst Zeyno Baran, this strategy effectively captures the EU market while blocking potential competitors and ensures a long-term and large-quantity gas commitment the Caspian countries to Russian pipelines and ensuring its intermediary position³⁵.

³⁰ Energy expert Dr. Marketos stated that the agreement to South Stream by Greece and Bulgaria enabled South Stream to gain considerable traction because they are relatively weaker countries and much less equipped to oppose Russian pressure”.

³¹ Dr. Marketos, Thrassy N., “Eastern Caspian Sea Energy Geopolitics: A Litmus Test for the US-Russia-China Struggle for the Geostrategic Control of Eurasia”

³² Russia’s decision to bypass Turkey in the South Stream project, while including Greece, raised feasibility concerns for the TGI (Turkey-Greece-Italy gas pipeline).

³³ Interconnection Turkey Greece Italy (ITGI) Pipeline aims to supply natural gas from the Caspian Sea and the Middle East to Europe.

³⁴ Dr. Marketos, Thrassy N., “Eastern Caspian Sea Energy Geopolitics: A Litmus Test for the US-Russia-China Struggle for the Geostrategic Control of Eurasia”, *Caucasian Review of International Affairs*,

³⁵ Dr. Marketos, Thrassy N., “Eastern Caspian Sea Energy Geopolitics: A Litmus Test for the US-Russia-China Struggle for the Geostrategic Control of Eurasia”, *Caucasian Review of International Affairs*,

Besides the competition posed by other gas suppliers like Iran and the countries of the Caspian region, the increasing assertiveness on the part of energy transit countries is a major obstacle in Russia's strategy to maintain its dominance in the EU energy market. Previous disputes between Russia and its neighboring countries of Belarus and Ukraine have served as lessons of when transit countries can take an intransigent stance and jeopardize the perceived reliability³⁶ of Russia as an energy provider to its largest and most lucrative market—the EU.

VI. U.S.A. PERSPECTIVE

Following the collapse of the USSR, the US and the EU have actively competed for the political and economic control of eastern Europe, along with the countries of Central Asia. These countries are of significant importance because they can be classified either as energy-producing or energy transit countries³⁷. The EU and US have used different means to exert political influence in the regions: the first applied mainly financial policies and tactfully enlarged its membership base whereas the second capitalized on their strategic advantage in Europe, inherited from the Cold War³⁸.

However, Brussels and Washington largely converge on the issue of EU energy security through the use of “pipeline diplomacy”³⁹. With clear statements, US government officials have openly supported the construction of the Nabucco and ITGI natural gas pipelines. The US officials cite the fact that these two projects can replace the provision of one-fourth of the gas currently transported to the EU via the Russian company Gazprom. Such examples indicate the strong emphasis that the US places on reducing the EU's energy dependency on Russia⁴⁰ and reflects the “healthy competition” between the US and Russia in the global energy markets⁴¹.

In light of this competition, relations between Washington and Moscow have “cooled in recent years over the US support for the entry of Georgia and Ukraine to NATO, Russia's 2008 military incursion into Georgia and the planned US missile defense shield⁴² based in central Europe⁴³. In fact, some commentators believe that under the Bush Administration, the US and Russia were on the verge of a new Cold War.

³⁶ It is important to note “perceived” reliability because even if the transit country is partly the cause of the dispute, observers may place the blame solely on the Kremlin.

³⁷ Dr. Glavinis, Panagiotis, “The Security of the EU Energy Consumption”

³⁸ Dr. Glavinis, Panagiotis, “The Security of the EU Energy Consumption”

³⁹ The overriding US political imperative for exporting oil and gas from the Caspian basin is apparently to avoid both Russia and Iran whereas some MS of the EU are more flexible in their dealings, especially with regard to their long-term, bilateral gas contracts with Gazprom.

⁴⁰ In contrast, some MS of the EU, such as Germany, have approved energy transit projects like Nord Stream that would augment the role of Russian as an energy importer.

⁴¹ Tsakona, Annaliza, “The Energy Policy of the EU and Greece, and the Role of the US” (Chapter 5), *From Bush to Obama: The International Relations in a Society that is Changing*, Pg. 549

⁴² President Obama has ameliorated the tension regarding the missile shield by winning Russia's cooperation in a modified version of the original system proposed by President George W. Bush

⁴³ “Button gaffe embarrasses Clinton”, *BBC*

While the US seeks to safeguard the oil flows from the Caspian Sea basin to international markets because it is a matter of economic necessity and national security, US strategy also aims to mitigate the risk posed by Russia as a quasi-monopoly energy provider for the EU—the most important partner of the US in global affairs⁴⁴. If Russia succeeds in establishing cooperative ties with the countries of the wider Black Sea region, including the Balkans, then the supply routes would traverse through areas under Russia’s influence and US interests would be exposed to risk.

For example, in the wake of the discussion regarding the Russian-led TBP project, the American Halliburton Energy Corporation formulated blueprints for an oil route starting at the port of Burgas, passing through the territory of the former Yugoslav Republic of Macedonia (FYROM), and terminating at the port of Vlora on the Adriatic shore of Albania⁴⁵. For the first time, this energy project⁴⁶ would connect the Black Sea with the Adriatic Sea and to a wider extent, Central Asia with the Italian peninsula and beyond. The AMBO pipeline would be sufficient to transfer around 40 million tons of oil, roughly the same amount as the TBP project⁴⁷. However, the size of the AMBO pipeline would be 912 km, and thus, it would be longer and more expensive than its rival supply route—the TBP project.

VII. BULGARIA’S STANCE: ALTERNATIVE EXPLANATIONS

Given the preceding overview of the region’s geopolitics, the two major factors that are apparently central to the prior development and subsequent suspension of the TBP project are: a) Russia’s desire to bypass the Bosphorus Strait and b) Bulgaria’s reservations, respectively.

○ BYPASSING THE BOSPORUS

The TBP pipeline is in direct competition with the Turkish Samsun-Ceyhan project (also known as the Trans-Anatolian Pipeline Company or “TAPCO”) as the next supply route that will bypass the Bosphorus Strait while transporting Russian and Caspian oil from the Black Sea to the Mediterranean (*Please See Appendix 3*). After Russia backed the TBP project, Bulgaria and Turkey were pinned against each other as competitors, which became problematic for Russia with regard to negotiations for other energy infrastructure projects. For example, the talks between Russia and Turkey on Blue

⁴⁴ The EU is the largest US trading partner and many US multi-national companies have vested interests in the EU economy.

⁴⁵ Michaletos, Ioannis, “Burgas-Alexandroupoli Pipeline: Current Role of Bulgaria in Southeast Europe”, *Research Institute for European and American Studies*

⁴⁶ This project is planned to be built and operated by US-registered Albanian Macedonian Bulgarian Oil Corporation or “AMBO”.

⁴⁷ Michaletos, Ioannis, “Burgas-Alexandroupoli Pipeline: Current Role of Bulgaria in Southeast Europe”, *Research Institute for European and American Studies*

Stream II, an oil pipeline designed to run along the Blue Stream gas pipeline running across the Black Sea, were suspended⁴⁸.

Following that development, Russia viewed Turkey in the same category as Ukraine and Belarus—as a transit country that can thwart its strategic interests. One of the easiest, but most damaging, means by which Turkey can threaten the interests of Russia lies with the highly congested⁴⁹ and critically important Bosphorus Strait.

Russia exports at least a third of its oil exports via tanker ships from the Black Sea through the Bosphorus Strait, which runs in between European and Asian Turkey. According to the BBC, Moscow has “long proposed an overland alternative due to the regular delays caused by ships having to queue before they can go through the busy and narrow Bosphorus Strait”⁵⁰ (*Please See Appendix 4*). The delays due to the high-utilization of the Bosphorus Strait result in shipping fines for passing tankers that could cost up to \$2 per barrel (as compared to the \$1.09 per barrel tariff for the TBP pipeline).

Another emergent issue is the recent attempt by Turkey to unilaterally restrict the free passage of crude oil tankers through the Bosphorus Strait, which deeply troubled even some of Turkey’s closest allies such as the US⁵¹. Energy expert Dr. Tsakiris of EKEM think tank believes that Turkey’s efforts to “close the Straits” is an indirect attempt to increase the cost of tanker traffic through the Bosphorus to such an extent so as to make the \$3 billion TAPCO pipeline economically viable.

Besides the time delay, passage fees, and restrictions associated with energy transit through the Bosphorus Strait, Transneft representative Ikor Diomin accentuated another pertinent issue that would exacerbate the bottleneck effect in the Bosphorus Strait in the short term: the enlargement of the Caspian Pipeline will be completed by 2012-2013. The purpose of the Caspian Pipeline (Caspian Pipeline Consortium) is to connect the oil deposits of Kazakhstan to Novorossiysk on the Black Sea, and then to international markets. This pipeline will eventually transport 135-140 million tons of oil annually, but more than 110-115 million tons of oil annually cannot be transported through the Straits⁵². Therefore, new supply routes are required to transport the expansion of Caspian oil production.

Upon observing the shift of sentiment by the Bulgarian government towards the TBP project, Russia focused its attention on the TAPCO project⁵³, which was an alternative bypass route that was dormant during the rapid progression of the TBP project

⁴⁸ Dr. Marketos, Thrassy N., “Eastern Caspian Sea Energy Geopolitics: A Litmus Test for the US-Russia-China Struggle for the Geostrategic Control of Eurasia”

⁴⁹ “With 50,000 vessels, including 5,500 oil tankers, passing through the straits annually it is also one of the world’s busiest chokepoints”.(US Energy Information Administration: Independent Statistics and Analysis)

⁵⁰ “Go-ahead for Balkan Oil Pipeline”, *BBC*

⁵¹ Dr. Tsakiris, Theodoros, “Russia Takes Another Step Away from Burgas-Alexandroupolis, As Bulgarian Procrastination Continues”, *EKEM*, pg. 3

⁵² Panagouli, Thodori, “Bulgarian Shift”, *Investor’s World*

⁵³ The TAPCO project is designed to traverse 60-70 million tons of oil from the Black Sea to the Mediterranean across Turkish territory.

between 2006 and 2009⁵⁴. The “first indication that Moscow was recalibrating its strategy” was demonstrated in Ankara when Putin visited in early August 2009⁵⁵. If the TAPCO project proceeds and becomes operational, the port of Ceyhan would serve as the terminal point not only for the TAPCO pipeline, but also for the Baku-Tbilisi-Ceyhan (“BTC”) oil pipeline, which pumps about one million tons of oil per day. As a result, Turkey would upgrade its geopolitical position as an energy transit country for Russian oil exports.

For most of the first six months of 2010, Transneft attempted to arrange the simultaneous construction of both the TAPCO and the TBP projects, “a plan that would demand the complete diversion of all crude oil tanker traffic from the Bosphorus to the two competing bypasses”⁵⁶. Consequently, on the 30 of September in 2010, Russia’s Deputy Energy Minister Anatoly Yanovsky told RIA Novosti that his government has offered Turkey a Draft Intergovernmental Agreement on the participation of Russian companies in the TAPCO project. This proposal was a corollary of the memorandum of understanding signed in Milan in October of 2009 and represented the strongest signal hitherto that Russia is seriously considering TAPCO as a substitution to the TBP project⁵⁷.

The fact that the TBP project was granted a temporary lease of life in mid-September of 2010 is not unrelated to the difficulties that Russia encountered in pursuit of TAPCO, the alternative oil pipeline designed to bypass the Bosphorus Strait⁵⁸. To the benefit of the TBP project, the latest negotiations between Russia and Turkey regarding the SC project were unsuccessful and the Russian company characterized the recent Turkish proposal as “inadmissible”. In fact, the President of Transneft Nikolai Tokarof stated that a disagreement occurred between the parties and that the new round of negotiations would start from scratch⁵⁹.

Transneft representative Ikor Diomin asserted that the Turkish plan was pursued only because of the indecisiveness of Bulgaria regarding the TBP project. He stated “We like it less [TAPCO project], but if the Bulgarians show indecisiveness, we will go to the Turks⁶⁰”.

⁵⁴ Dr. Tsakiris, Theodoros, “Russia Takes Another Step Away from Burgas-Alexandroupolis, As Bulgarian Procrastination Continues”, *EKEM*, pg. 1

⁵⁵ Dr. Tsakiris, Theodoros, “Russia Takes Another Step Away from Burgas-Alexandroupolis, As Bulgarian Procrastination Continues”, *EKEM*, pg. 1

⁵⁶ Dr. Tsakiris, Theodoros, “Russia Takes Another Step Away from Burgas-Alexandroupolis, As Bulgarian Procrastination Continues”, *EKEM*, pg. 2

⁵⁷ Dr. Tsakiris, Theodoros, “Russia Takes Another Step Away from Burgas-Alexandroupolis, As Bulgarian Procrastination Continues”, *EKEM*, pg. 4

⁵⁸ In the present, the project will be carried out by the Trans-Anatolian Pipeline Company (TAPCO), a joint enterprise of the Turkish company Calik Energy and the Italian company ENI.

⁵⁹ “Bulgarian Shift”, *Investor’s World*

⁶⁰ “Bulgarian Shift”, *Investor’s World*

○ BULGARIA'S RESERVATIONS

As stated in *Section II. The Implementation of the Project Stalls*, PM Borisov announced on the 11th of June 2010 that Bulgaria abandoned the TBP project due to environmental reasons, but then quickly retracted his statements. Even though there is no reason that analysts should doubt Bulgaria's apparent rationale for abandoning the TBP project, there is a confluence of factors that may have contributed to the behavior of the Bulgarian government that are independent of any environmental concerns.

Foremost, PM Borisov's surprise announcement on the 11th of June 2010 may have stemmed from geopolitical considerations regarding Bulgaria's relations with the West. The particular date he made the announcement was "on the heels of the revelation by the Bulgarian government at the beginning of 2010—and confirmed by the Foreign Ministry in April—that it was considering hosting elements of the US Ballistic Missile Defense ("BMD") in the country"⁶¹. According to STRATFOR, the announcement also followed a two-day visit to Sofia by the CIA Director Leon Panetta, who was honored by the Bulgarian government throughout his stay⁶².

These developments may be coincidental, but some analysts believe that Bulgaria is re-orienting its foreign policy to strengthen ties with the Western Alliance while trying to maintain elements of its special relationship with Russia. Since Russia has withdrawn its strategic influence from the Balkans, as stated earlier, Bulgaria faces isolation in its geographical position amongst firm US allies in the Balkans if it continues to maintain strong ties with Russia. For example, Bulgaria's two traditional rivals are becoming empowered by their strong relationships with the US: "progressively ever more pro-American Romania to the north and even worse in many ways from Sofia's point of view—increasingly independent-minded and confident Turkey to the south"⁶³.

Therefore, as a member of both NATO and the EU, Bulgaria is placed in the position to prove its loyalty to the Western Alliance. Incidents such as the June 11th announcement by PM Borisov and his immediate retraction, "indicates that there is a lot to hash out internally before Sofia makes its choice regarding its orientations with Russia and the West"⁶⁴.

Second, the possible participation by the American energy company, Chevron, may have provided an impetus to a temporary revival of the TBP project in mid-September of 2010. An article in the Greek newspaper *Investor's World* reported that the "US factor"⁶⁵

⁶¹ "Is Bulgaria Tilting From Moscow To Washington?", *Forbes*

⁶² "Is Bulgaria Tilting From Moscow To Washington?", *Forbes*

⁶⁴ "Is Bulgaria Tilting From Moscow To Washington?", *Forbes*

⁶⁵ The US factor refers to the possible participation of US energy companies in the international company that was created to construct and operate the TBP project.

may have originally contributed to Bulgaria's negative stance toward the TBP project, but developments linked to the US seemed to have "re-warmed the project"⁶⁶. In a meeting between the Deputy Prime Minister Simeon Djankov and other Bulgarian representatives with Russian officials in Moscow, the Bulgarians agreed to consider a new proposal by Transneft and demonstrated a willingness to pay the 6.5 million euros towards the operation costs of the TBP B.V. international company⁶⁷. The article suggests that Chevron had reacted positively to its own assessment of the TBP project and the prospect of its participation temporarily revitalized the TBP project.

This reversal of stance on the part of Bulgaria was short-lived and the hopes of the TBP project's supporters were dampened on November 9th with the rejection of the environmental impact assessment. Nevertheless, the Bulgarian government has "still left the door open for Trans-Balkan Pipeline B.V. to repair it [the environmental impact assessment]"⁶⁸. At this time, the fate of the TBP project is highly uncertain. It is important to note the relevance of the projection by Rusev⁶⁹, who stated that the Bulgarian government "will not ultimately kill the project but will seek to procrastinate it over time"⁷⁰. However, Rusev identified a different motivation behind the November 9th announcement that was not related to environmental concerns.

Third, the last major explanation behind the recent negative assessment of the environmental impact study by the Bulgarian government may have been the result of financial concerns. According to Rusev, "the decision of the Bulgarian government that the environmental impact assessment is inadequate was aimed at buying time."⁷¹ He proceeded in stating that the November 9th decision was politically motivated and connected to the financial trouble of the Bulgarian state"⁷².

An article by the daily *Dnevnik*, *EurActiv*'s media partner in Bulgaria in early September effectively bolsters Rusev's later claim about the finance-related cause behind Bulgaria's November 9th announcement. According to the daily, PM Borisov told Putin in early September of 2009 that "his government was still investigating how much money it can dedicate to infrastructure projects, as the previous cabinet had depleted the country's budget"⁷³.

⁶⁶ "Bulgarian Shift", *Investor's World*

⁶⁷ "Bulgarian Shift", *Investor's World*

⁶⁸ "Bulgaria PM Confirms Pull Out of Oil Pipeline Project", *Novinite*

⁶⁹ Rusev is the former acting Director of the joint stock company representing the Bulgarian interest in TBP project

⁷⁰ "Bulgaria Buys Time on Russian Oil Pipeline for Financial Reasons - Ex Official", *Novinite*

⁷¹ As a commentary with respect to the environmental concerns of the project, Rusev stated that "All environmental standards have been observed in the TBP project, including with respect to the European network of protected areas NATURA 2000. It sounds very funny that one and the same project could be approved in Greece but not be approved in Bulgaria since the technical parameters of the project are the same. It is not technically correct to say that the requirements have not been met". ("Bulgaria Buys Time on Russian Oil Pipeline for Financial Reasons - Ex Official", *Novinite*)

⁷² "Bulgaria Buys Time on Russian Oil Pipeline for Financial Reasons - Ex Official", *Novinite*

⁷³ "Nabucco Can't Fail, says EU Commissioner", *Euractiv*

VIII. CONCLUSIONS

Although the Balkan region does not have substantial energy deposits, its geopolitical significance lies with its function as an energy corridor where the Caspian⁷⁴ energy supplies will traverse en route to the EU and international markets. In this paper, the TBP project was examined through the prism of energy geopolitics spanning the Caspian and the Balkan regions from the standpoint of each major power with vested interests in the matter: the EU, Russia, and the US⁷⁵.

In doing so, the issues revolving around the TBP project became relevant in the context of the broader geopolitical chess game being played in the region—which will continue in the years ahead. Since energy geopolitics is deemed as a zero-sum game, the intensifying competition over the Caspian energy resources will largely determine the relative winners and losers among the major powers in the global struggle for energy resources.

About the Author

John Papaspanos earned his bachelor's degree summa cum laude from Seton Hall University in International Relation in 2010. He is currently conducting research on energy issues with a Fulbright Scholarship at the Aristotle University of Thessaloniki, Greece and he will be returning to the U.S. to study law at the University of Pennsylvania Law School, Class of 2014. He can be contacted at papaspanosj@gmail.com.

RIEAS Publications:

RIEAS welcomes short commentaries from young researchers/analysts for our web site (**about 700 words**), but we are also willing to consider publishing short papers (**about 5000 words**) in the English language as part of our publication policy. The topics that we are interested in are: transatlantic relations, intelligence studies, Mediterranean and Balkan issues, Middle East Affairs, European and NATO security, Greek foreign and defense policy as well as Russian Politics and Turkish domestic politics. Please visit: www.rieas.gr (**Publication Link**)

⁷⁴ TBP is only one supply route of Caspian energy amidst several other options that are currently being considered. It takes many years for such projects to develop from a concept to their realization.

⁷⁵ A discussion of the emerging economies, such as China and its increasing role in the region's energy geopolitics, was omitted because it was beyond the scope of the TBP project. However, the Chinese have recently been doing remarkably well in their "pipeline diplomacy" and will pose significant challenges to the interests of the other three major powers in the near future. Ultimately, the "outcome of this geostrategic competition will finally determine the major power that will be granted control of Eurasia". (Dr. Marketos, Thrassy N., "Eastern Caspian Sea Energy Geopolitics: A Litmus Test for the US-Russia-China Struggle for the Geostrategic Control of Eurasia", *Caucasian Review of International Affairs*)

Works Cited:

In Order of Appearance in the Paper

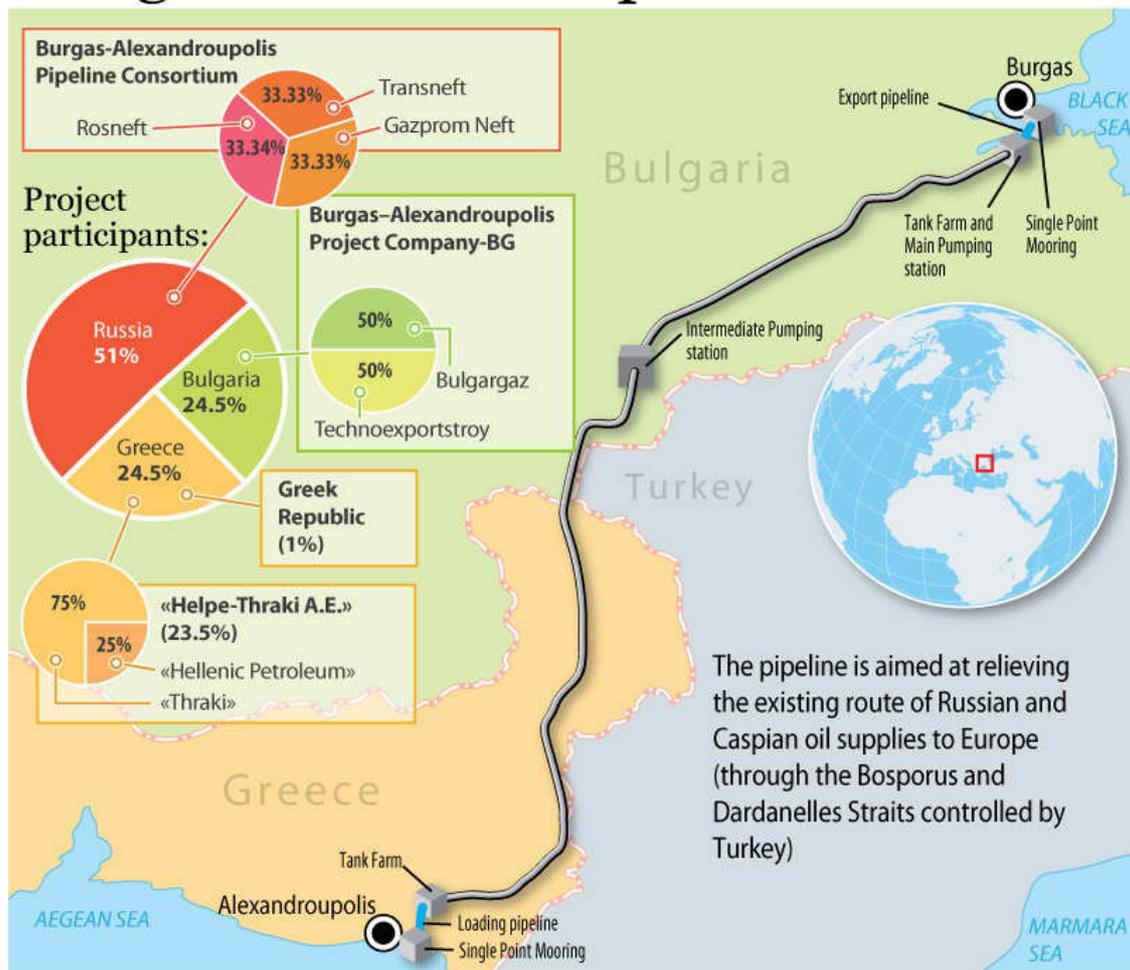
1. “Russia 'Respects' Bulgaria's Stand on Burgas-Alexandroupolis”, *Novinite*, 25 October 2010, www.novinite.com/view_news.php?id=121470
2. “Button gaffe embarrasses Clinton”, *BBC*, 77 March 2009, <http://news.bbc.co.uk/2/hi/7930047.stm>
3. Michaletos, Ioannis, “Burgas-Alexandroupoli Pipeline: Current Role of Bulgaria in Southeast Europe”, *Research Institute for European and American Studies*, 7 May 2007, http://rieas.gr/index.php?option=com_content&task=view&id=228&Itemid=57
4. Panagouli, Thodori, “Bulgarian Shift”, *Κόσμος του Επενδυτή (Investor's World)*, 18-19 September 2010
5. “'Political' Appointment Said to Stall Further Burgas-Alexandroupolis Pipeline”, *Novinite*, 23 July 2010, http://www.novinite.com/view_news.php?id=118451
6. Dr. Tsakiris, Theodoros, “Russia Takes Another Step Away from Burgas-Alexandroupolis, As Bulgarian Procrastination Continues”, *EKEM*, 24 October 2010, <http://www.ekem.gr/-site-menu-47/-site-menu-68/1221-russia-takes-another-step-away-from-burgas-alexandroupolis-as-bulgarian-procrastination-continues>
7. Casselman, Ben, “U.S. Gas Fields Go From Bust to Boom”, *Wall Street Journal*, 30 April 2009, <http://online.wsj.com/article/SB124104549891270585.html>
8. “CSIS-EKEM Policy Report, Re-Linking the Western Balkans: The Energy Dimension”, *Center for Strategic and International Studies & Hellenic Center for European Studies*, September 2010, <http://www.ekemprogram.org/csis/images/stories/staff/energy.pdf>
9. Dr. Glavinis, Panagiotis, “The Security of the EU Energy Consumption”, February 2006, <http://proeuro.gr/articles.php?artid=1265&lang=1&catid=1&fdid=18&fdpage=2>

10. "Pipelines, Politics, and Power: The Future of EU-Russia Energy Relations", *Centre for European Reform*, October 2008, http://www.cer.org.uk/pdf/rp_851.pdf
11. Franz-Lothar, Altmann, "The Energy Triangle: EU—Southeast Europe—Russia. Pure Business and/or Geopolitics?", *ELIAMEP*, 11 June 2008, <http://blogs.eliamep.gr/en/altmann/the-energy-triangle-eu-%E2%80%93-southeast-europe-%E2%80%93-russia-pure-business-and-or-geopolitics/>
12. Dr. Marketos, Thrassy N., "European Energy Security and the Balkans: A Battleground for the Geostrategic Control of Eurasia", *Research Institute for European and American Studies*, Research Paper #119, March 2008, <http://www.scribd.com/doc/10870533/European-Energy-Security-and-Balkan>
13. Dr. Marketos, Thrassy N., "Eastern Caspian Sea Energy Geopolitics: A Litmus Test for the US-Russia-China Struggle for the Geostrategic Control of Eurasia", *Caucasian Review of International Affairs*, Volume 3 (1), Winter 2009, http://cria-online.org/6_2.html
14. "Is Bulgaria Tilting From Moscow To Washington?", *Forbes*, Posted by STRATFOR, 14 June 2010, <http://blogs.forbes.com/energysource/2010/06/14/is-bulgaria-tilting-from-moscow-to-washington/>
15. Tsiaras, G., "Energy Battle in the Balkans", *To BHMA Online*, 30 June 2007, <http://www.tovima.gr/default.asp?pid=46&ct=2&artId=188732&dt=30/06/2007%20#%20ixzz0qZfKaZLx>
16. Tsakona, Annaliza, "The Energy Policy of the EU and Greece, and the Role of the US" (Chapter 5), *From Bush to Obama: The International Relations in a Society that is Changing*, Papazisi Publishing, Athens 2010.
17. US Energy Information Administration: Independent Statistics and Analysis, http://www.eia.doe.gov/cabs/world_oil_transit_chokepoints/Bosporus_TurkishStraits.html
18. "Go-ahead for Balkan Oil Pipeline", *BBC*, 12 April 2005, <http://news.bbc.co.uk/2/hi/business/4436877.stm>

19. “Bulgaria PM Confirms Pull Out of Oil Pipeline Project”, *Novinite*, 16 November 2010, http://www.novinite.com/view_news.php?id=122207
20. “Bulgaria Buys Time on Russian Oil Pipeline for Financial Reasons - Ex Official”, *Novinite*, 10 November 2010, http://www.novinite.com/view_news.php?id=122003
21. “Nabucco Can't Fail, says EU Commissioner”, *Euractiv*, 2 September 2009, <http://www.euractiv.com/en/energy/nabucco-fail-eu-commissioner/article-185056>

Appendix 1

Trans-Balkan Pipeline Burgas-Alexandroupolis



History

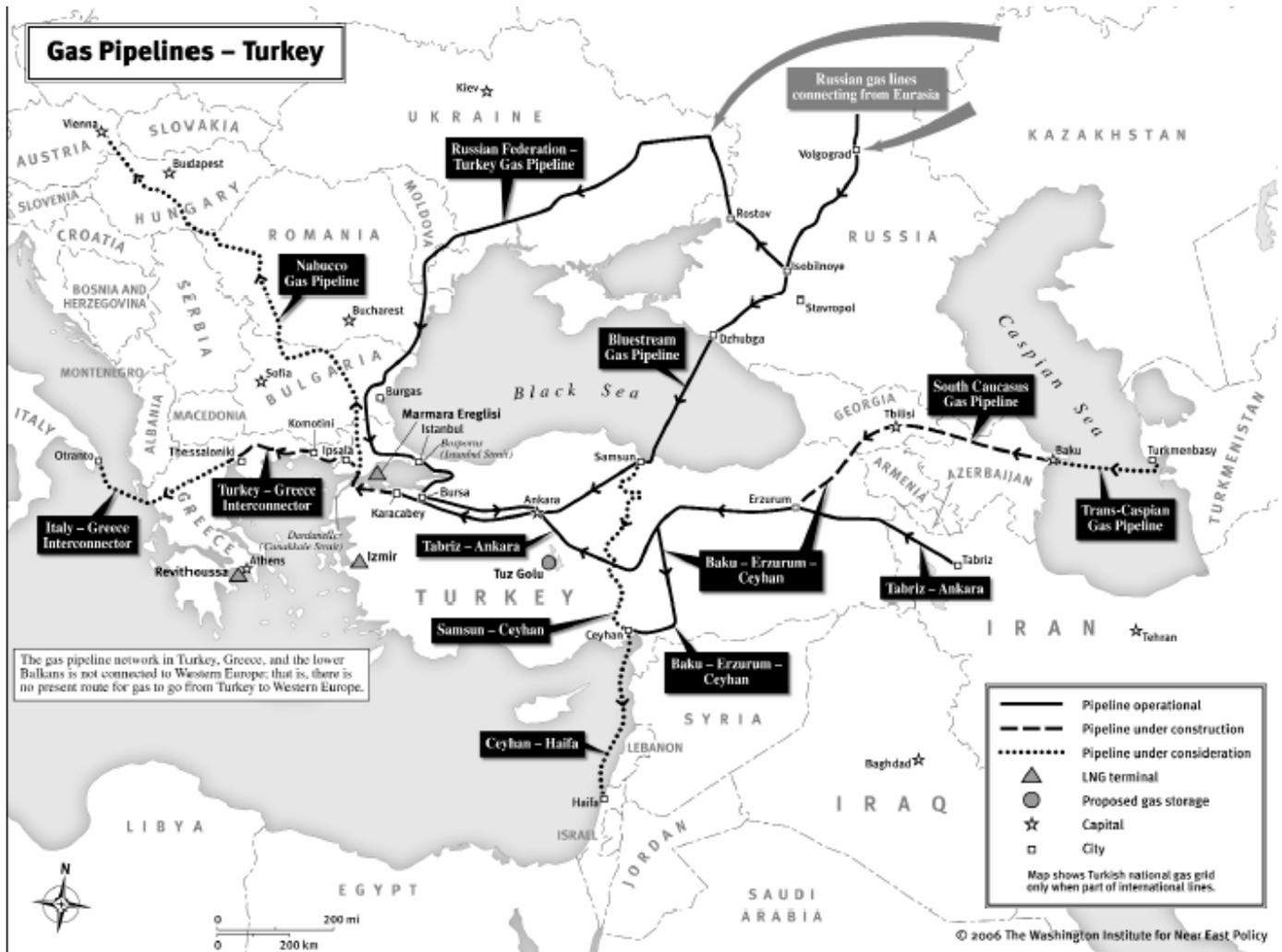
March 2007	June 2010	February 2011	2011-2012	Early 2013
A three-party intergovernmental agreement on pipeline construction was signed	The Bulgarian prime minister said Bulgaria withdrew from the project	Bulgaria is expected to take the final decision on its participation in the project	Expected construction period	Expected date of launch

RIANOVOSTI © 2010

www.rian.ru

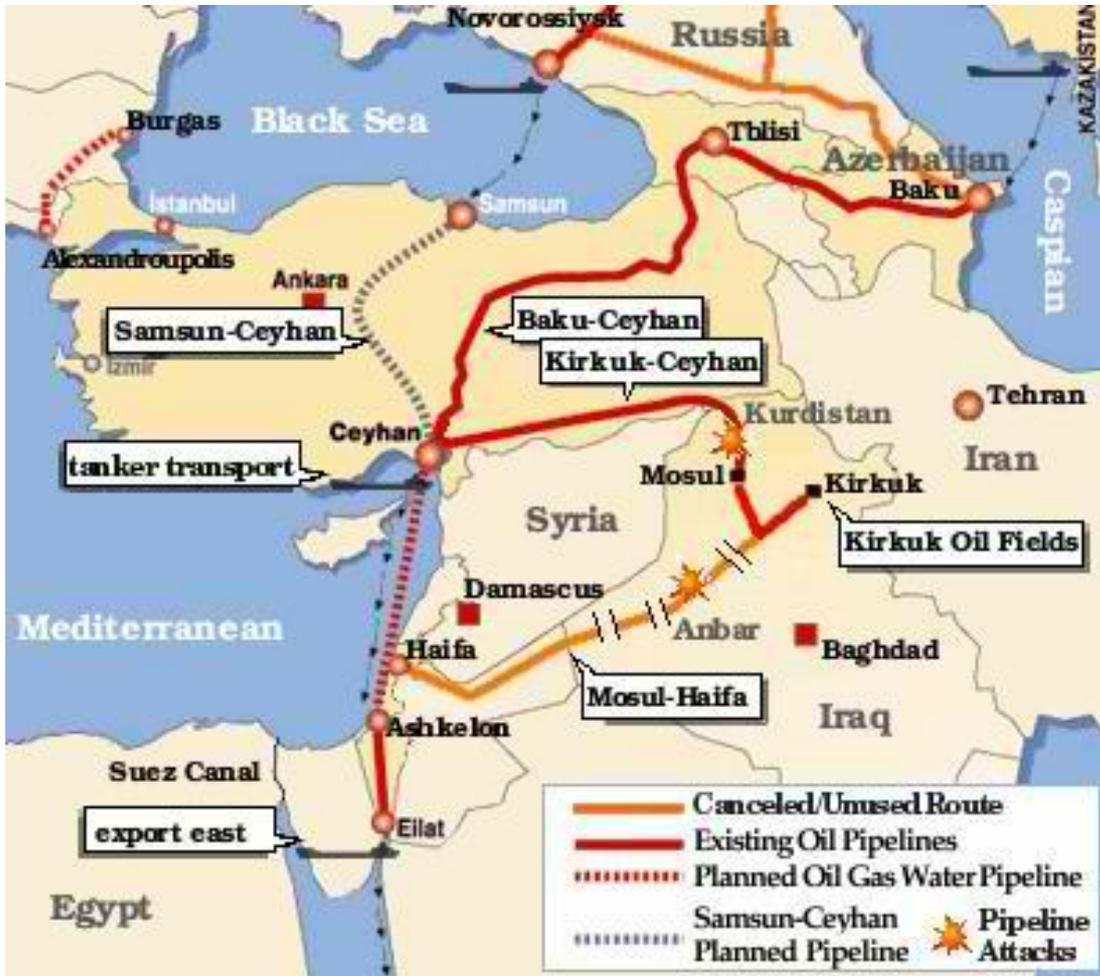
RIA Novosti

Appendix 2



*Barysch, Katinka, "Turkey's role in European energy security",
Center for European Reform Essays.*

Appendix 3



Energy-Pedia News,

<http://www.energy-pedia.com/article.aspx?articleid=137447>

Appendix 4



Alternate Route

Russian, Greek and Bulgarian officials are discussing a proposed pipeline that would allow some crude-oil supplies to bypass the Bosphorus.

--- Current route
--- Proposed route

