

ENERGY, THE BALKANS AND THE GAME OF GREAT POWERS

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Tensions between Russia and NATO over Ukraine have once again raised the issue of energy security. Although the Cold War has been over for years, it is now replaced by economic warfare. Energy is the most significant matter in this warfare. Russia sees the European energy market as a vital vessel in its economy, and the United States uses the energy card to play against Russia, the Balkans and Europe. Undoubtedly, natural gas, which is highly consumed by both the domestic and industrial sectors, is the most important need of all countries, and competition revolving over it is only natural. For the European Union (EU), the issue of energy supply is at the forefront of its efforts, one of the pillars on which the EU Foundation was founded in 1951. In fact, the Energy Charter treaty of 1994 was signed to ensure energy supply, and to reduce related risks. For Europe, the closest and most economical source of energy is Russia, Central Asia and the Persian Gulf. For the energy suppliers the safest market is Europe.

There are three groups of countries involved in the matter of energy and its transfer to Europe:

- Gas exporting countries (Russia, Central Asia, Iran and the Persian Gulf)
- Intermediary or transit countries which are located on the gas transfer route (Turkey, Eastern Europe, and the Balkans)
- Importing/consumer countries (Western Europe)

The countries in the first group are looking for diversity in transfer routes. At the same time, they are seeking monopoly on gas exports. For the transit countries, route diversity is important in the first place. Finally, for the consumers, diversity in both suppliers and routes is of great importance for their energy security.

The Balkans and Eastern Europe in the second group include countries that were once under the influence of the former Soviet Union (USSR). For this reason, the in-

frastructure and equipment of power plants in these countries are mostly Soviet made, and after the collapse of the USSR, for various reasons, modernization of these power plants, which often had old technology or used fossil fuels such as coal, was not cost-effective. Their orientation towards western industry and independence from Russia, the limitation of fossil fuels and the need to eliminate them for environmental reasons, the high costs of energy production in the old way, and some other problems encouraged these countries to askew towards diversifying and supplying energy sources. Therefore, although these countries are among the energy transit countries, they are also in the group of consumers. For that, diversity of gas suppliers is also important for these countries.

The dependence of the Balkan countries on a particular supplier, such as Russia, for example, empowers that supplier to both determine the price of the gas through long-term contracts and to impose its policies on consumer countries. At present, Gazprom has a strong control over energy and determines the price of gas, and owns most of the energy resources through joint ventures outside the region. This assures Russia of the ability to intervene, and restrict access to pipelines by third world countries.

However, politically, the Balkan countries turned to Europe after the collapse of the Soviet Union. Europe also sought to increase its influence in those countries to maintain a safe distance between the EU, and Russia and the East, in order to prevent the entry of migrants. The accession of Romania and Bulgaria to the European Union without meeting the necessary conditions was an example of this policy. Russia, on the other hand, which continues to see the Balkans as its backyard, is trying not to lose their dependence. Many of the infrastructure and energy companies in the Balkans are controlled by Russian companies, and Russia is trying to keep them dependent on its gas. The Balkan countries, are not yet financially strong enough to suddenly free themselves from dependence on Russia immediately.



Thus, the Balkan region has become a region of competition between the East and the West. However greatly the Western countries seek diversity in gas suppliers and routes and try to get the Balkan countries to conform to these policies, Russia, on the contrary, seeks a monopoly on the use of the Balkan route to transport gas and remove competitors on that route. The fate of the Nabucco pipeline has been an example in favor of Russian policy. However, Russia is not alone in this policy. The US also sometimes use the Balkan card in the game against Europe, thereby helping the interests of Russia.

As the country with the second largest natural gas reserves in the world, Iran is Russia's main competitor in the group of gas exporting countries. The transfer of Iranian gas to Europe can be beneficial to Europe and to the European companies active in this field in every way. Nevertheless, Iran's independent foreign policy came into conflict with US policy after the 1978 Islamic Revolution, which put Iran on the US sanctions list. The US does not allow the export of Iranian gas to Europe, and in this regard, it carries out a policy that undergird Russian interests. The Russians oppose any move, not only in the economic sphere, but also in the political sphere, which would weaken their monopoly on gas exports to Europe. While the interests of European countries depend on resolving the dispute between Iran and the United States, the Russians are content with the continuation of this dispute.

Trump's victory in the presidential election and his withdrawal from the Iranian nuclear deal (JCPOA) should be assessed in this regard. The Iran-West nuclear deal created a good atmosphere for resolving many of the political problems between Iran and the US. The full implementation of JCPOA could lead to the entry of international companies into the issue of new gas transmission routes and investment in this field. This could lead to diversification of both suppliers and gas transmission lines resulting in economic gains for the Balkan countries and would be to the relief of European consumers from the viewpoint of provision and stabilization of gas prices. The US withdrawal from JCPOA was a gift to the Russians easing their worries about the continuity of their dominance in the European energy market.

The diversification of gas transmission routes to Europe depends on resolving political disputes. Companies operating in the energy sector include both public and private groups. State-owned companies are often subject to the political decisions of governments and have to prioritize political considerations over economic interests. Private companies, on the other hand, are subjected to trade laws and the economic viability of specific projects in this regard is the main priority. Thus, political issues may discourage private companies from operating on some gas transmission routes, but these political issues cannot force them to operate in a way that is not economically viable. This is a major factor, which has prevented the diversity of gas pipelines so far.

As mentioned above, Iran and Balkan cards are played by the Americans vis-à-vis Russia and European countries. Meanwhile, the Balkan countries are confused. On the one hand, they seek to cooperate with the United States and other Western countries; they seek Western assistance for economic and technological development. On the other hand, they cannot free themselves dependence to Russian energy. They also remain under pressure from both Russia and US policy toward Iran. They are looking to replace fossil fuels and coal, but do not have the necessary funds to exploit western technology. Thus, they have no choice but to remain dependent on Russia.

Iranian gas transported via Turkey and the Balkans to Europe could make gas exports to Europe more competitive. In this case, both Turkey and the Balkan countries would benefit from the transit of Iranian gas and Europe's worries about energy supply would be lessened. All of this depends on the lifting of US sanctions against Iran and the settlement of disputes between the two countries. The Islamic Republic of Iran has always shown its willingness to cooperate with intermediaries to export its gas to Europe, but the conflicts between the US and Iranian interests in the region, as well as the US policies have resulted in Russia's achievement of its goal of monopolizing energy to Europe over the years. In other words, the US have overshadowed the interests of its allies with its faulty policies.