

## INTERVIEW

### Russia Fears it Might Lose its Main Leverage Over Turkey if the Latter's Energy Dependency on it Were to Diminish,

Professor Stephen Blank tells AOG

- ▶ Apart from the financial aspects, **Russia's energy policy** reflects numerous strategic and political considerations
- ▶ In the former Soviet Union, **control over oil and gas pipelines** is a means of controlling exporting countries themselves
- ▶ **Energy investments** in the Middle East and **arms sales** are closely interconnected
- ▶ The crisis in **Ukraine** could have an adverse impact on the **South Stream** project

(Following is the text of an interview with Professor Stephen Blank, a Russia specialist who is Senior Fellow at the **American Foreign Policy Council** in Washington and the **Foreign Policy Research Institute** in Philadelphia – see following page for his biography).

**Arab Oil & Gas:** *In your speech at the conference on "The control of energy in the Kurdistan Region of Iraq", organized in Abu Dhabi at the beginning of March by Academy & Finance, you indicated that Russia's overall energy policy had mainly strategic and political motives. Could you elaborate on this viewpoint?*

■ **Stephen Blank:** Russia's energy policy has many strategic and political motives apart from making lots of money which the state can then channel into economic development projects. These goals apply to the entire swath of territory from Central Europe to the Asia-Pacific and they include the following objectives:

- Enriching the topmost leadership by providing a huge stream of never ending rents that it can then use to buy off rent-seeking elites who are bound to the new Tsar (Putin) by their needs for rents and are thus obliged to serve the state in a recreation of the Muscovite service state where everyone served as a condition of having any property and property is and was equated to power and position as under feudalism. So the state is a rent-granting state.



- Maintaining domestic tranquility by providing cheaper energy (although this is gradually diminishing). For years the price of energy at home was deliberately kept low to maintain social peace in a rather wasteful and inefficient energy economy which it still is.
- Obtaining tax revenues for the state. Energy companies like Gazprom are tax-farmers as in the medieval formation for the state. They are granted monopolistic or oligarchical rights to a product or service on behalf of the state which takes large shares of it for tax benefits but lets them live off the remainder (i.e. the rents as stated above)
- In the CIS the goal is control over pipelines. It is a method of keeping control over CIS exporters who, with the exception of Turkmenistan's gas to China and the BTC and SCP pipelines from Azerbaijan to Turkey, must traverse Russian territory to sell their energy products.
- In Europe and Asia the purpose of energy is to gain leverage and influence over

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Dr. Blank's M.A. and Ph.D. are in Russian history from the University of Chicago. He has published over 1,000 articles and monographs on Soviet/Russian, U.S., Asian, and European military and foreign policies. His most recent books (2012 and 2013) are as follows:

- Editor, *Politics and Economics in Putin's Russia*, Carlisle Barracks, PA: Strategic Studies Institute, U.S. Army War College, 2013
- Editor, *Central Asia After 2014*, Carlisle Barracks, PA: Strategic Studies Institute, U.S. Army War College, 2013
- Editor, *Russia's Homegrown Insurgency: Jihad in the North Caucasus*, Strategic Studies Institute, U.S. Army War College, October, 2012
- Editor, *Russia and the Current State of Arms Control*, Carlisle Barracks, PA: Strategic Studies Institute, U.S. Army War College, September, 2012
- Editor, *Perspectives on Russian Foreign Policy*, Carlisle Barracks, PA: Strategic Studies Institute, U.S. Army War College, September, 2012
- Editor, *Can Russia Reform: Economic, Political, and Military Perspectives*, Carlisle Barracks, PA: Strategic Studies Institute, U.S. Army War College, June 2012.

For a more detailed CV of Professor Blank including the references of several of its publications please send us an email at [administration@stratener.com](mailto:administration@stratener.com)

countries' politics by gaining a strategic share of a key sector. In Europe funds from that sector are then used, in tandem with intelligence penetration, criminal manipulations by organized crime, and Russian "business" operating for the government to corrupt politicians, political parties, political institutions, media (or even buy media) and thus undermine European political institutions. In Latin America similar goals are pursued as well as offering cover for covert operations ranging from smuggling, drug trafficking to gun running to insurgents like the FARC in Colombia.

- In Asia the main objective is to gain wealth, influence, power and enhanced standing. Moscow also seeks to attract foreign investment and technology transfer to develop Siberian and Arctic energy fields that are underdeveloped, unexplored or beyond its capacity to work.
- In the Middle East, as in Asia and Latin America we see the conjunction of energy investments, arms sales and a quest for military bases in an effort to gain leverage on local governments, reestablish Russia as a genuine great power in the area without whom nothing can be done or agreed to, gain leverage upon potential exports to Europe, and obstruct Western, and especially American, efforts to organize a Middle Eastern political order.

**AOG:** *Could you explain the links between energy and arms deals in Russia's strategy in the Middle East, the Near East, North Africa and Sub-Saharan Africa?*

■ **S. B.:** Energy and arms sales are the key methods of forging ties with other states in the Middle East and Africa, the sequence by which these ties are created varies with the country and ultimately does not matter much. They are all key instruments by which Russia gains influence, leverage, and status vis-à-vis those states and also keeps its defense sector going as is the case in other countries as well. However, in many cases Russia ultimately seeks bases as in Syria, Cyprus, probably Egypt in the future, Vietnam, etc.

**AOG:** *Why is Russia supporting the Republic of Cyprus regarding its dispute with Turkey over exploration in the Eastern Mediterranean?*

■ **S. B.:** Russia supports Cyprus to prevent Turkey from developing its own autonomous sources of energy, to preserve Cyprus as a haven for the transfer of ill-gotten Russian money which can then be laundered or brought back under foreign auspices to Russia, and to establish a lasting base for power projection in the Middle East and Mediterranean. It also is very interested to prevent new sources of gas from going to Europe without its participation in the decision.

**AOG:** *Several Russian companies have been prequalified for the first exploration bid round off Lebanon and Soyuzneftegaz signed at the end of last year an exploration contract in the Syrian offshore. How do you assess Russia's growing interest in the Eastern Mediterranean?*

■ **S. B.:** As stated above, Russia's growing interest in the Eastern Mediterranean represents a coordinated effort to project itself into the Middle East as a great power who must be reckoned with on all major regional issues. Again it seeks permanent lodgments, a basis for prolonged and enduring influence over local governments and energy shipments to Europe, and military, particularly naval bases there. And ultimately it seeks to thwart U.S. efforts to organize a regional security order.

**AOG:** *Gazprom is working in the southern part of Iraq (development of the **Badra** field) and the **Kurdistan Region of Iraq**, a situation that the federal government of Iraq does not normally accept. What is the rationale for Russia and why is Iraq accepting so far this involvement by the Russian state giant in the Kurdistan Region? The deepening of energy relations between the Kurdistan Regional Government and Turkey is worrying both Moscow and Washington. Why?*

■ **S. B.:** I am not certain that the development of the KRG's energy assets worries Moscow because it is participating in developing them. What it does fear is Turkey developing an autonomous source of energy that will reduce or even ultimately terminate its main source of leverage upon Turkey, namely the huge dependence of Turkey on Russian energy. Moscow is certainly not committed a priori to the integrity of Iraq or to Kurdish independence though it does not want to see more insurgencies in the Middle East. But its actions in the KRG do not suggest undue alarm at developments to date there except insofar as Turkey stands to be the big winner in energy exports there.

**AOG:** *What could be the impact of the **Ukrainian crisis** on the future of the **South Stream** project?*

■ **S. B.:** It is still too early to give a definitive answer how the Ukrainian crisis will affect South Stream but my guess is that it will redound negatively upon the project which is clearly driven by geopolitical considerations rather than by economic ones, namely the isolation of Ukraine from Russian gas and the enhancement of Russian influence over Italy and the Balkans, if not Central Europe. I think there will be tremendous pressure to find alternative gas sources for all of these countries and to suspend technological transfer and investment in South Stream whose costs keep going up and are already very high. There may also be pressure on Bulgaria and Turkey not to allow it in their territories or territorial waters. We also may expect further legal action by the EU against South Stream.

The key here is whether or not a truly coordinated program of developing long-term alternatives to this project materializes. If yes it will probably be able to supply equivalent amounts of gas at less cost and with less political interference and that would severely undermine South Stream. If no such program materializes then any effect of this crisis will be short-lived and superficial.

**AOG:** *Will this crisis lead to a new interruption of Russian gas exports to Europe?*

■ **S. B.:** Undoubtedly the search for alternatives to Russia, if it enjoys any success, will lead to disruptions (a better word than interruptions) and declines in Russian supplies to Europe. Because energy and geopolitics are now so imbricated together, especially in Russia's case, and because the European gas market is saturated, relatively stagnant in terms of quantitative growth and accessible to so many suppliers, it will be relatively easy to find alternatives to Russia if the will is there to invest in it and I think that due to this crisis we will see that will materializing despite Moscow's best efforts to prevent such a development.

**AOG:** *You stress the opportunistic nature of Russian policy in the energy field. What are some of the most striking examples of this nature in the recent past?*

■ **S. B.:** Moscow's energy opportunism is strikingly evident, e.g. in its desire to play both sides of the Iraqi-Kurdish minuet, in its effort to negotiate now with Iran to break the sanctions regime before negotiations with Iran over its nuclear program begin and its overall effort,

described above to use energy as a kind of Swiss army knife that cuts in many directions simultaneously for the pursuit of unilateral political gain from Europe to the Pacific.

**AOG:** *In your speech at the Abu Dhabi conference you underlined that Russia is often contributing to instability in "neighboring countries" in order to keep or increase its influence on them. Could you develop this issue for us?*

■ **S. B.:** Russia either exploits existing fissures within or between neighboring countries or creates them in order to destabilize them, generate a "pro-Russian party" with whom it could work, and try to leverage its influence in them. Essentially it operates a protection racket like the Mafia. Either cooperate with me on my terms or bad things will happen. This is the only way it can prevent the genuine integration of Europe and of Eurasia around a pro-liberal and pro-Western agenda and seize opportunities to recreate its empire, gain a free hand in world affairs, and obstruct the U.S. by fomenting conflict situations in regions that are undergoing stress. It does this in Latin America, Eurasia, and the Middle East and would do so in the Asia-Pacific if it could.

As a revisionist state that believes European and Eurasian integration, especially around the pro-Western agenda, is a mortal threat to the regime and to the continuation of Russian statehood - which its leaders believe can only survive as an empire surrounded by satellites - it must foment troubles in neighboring areas to justify its willingness to intervene there. Indeed, as one Russian analyst said last year, *"a great state has either adversaries or clients"*. And if one starts with that outlook the rest follows logically.

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**For the Kremlin Russian statehood  
can only survive as an  
empire surrounded by satellites**

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