

Chapter 26

Energy-Hungry Europe: Development Projects in South-Central Europe

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26.1 Introduction

At dusk on Thursday, 12 June 2008, a Dassault Falcon 900 landed on the 3300 m (10,826 ft) long airstrip of Ljubljana's Jože Pučnik airport. The white slick business jet stopped on the tarmac, in front of the new terminal, and a red carpet was rolled out. Representatives of the government and of the business elite were aligned at the far end of the carpet: the prime minister, two state secretaries (ministers), three general managers of energy distribution companies and others. All were eager to meet the passenger. Aleksej Borisovič Miller.

Aleksej Borisovič Miller came to visit a nation-state which in early 2008 directed EU's politics. His visit took place just two days prior to a summit of Russian and European business leaders at Dauville, France. The topic of the meeting focused on Europe's energy future. There, at Dauville, Aleksej Borisovič Miller shocked colleagues and the business world as he predicted that in a year or two from now the barrel of crude oil would cost \$US 250 (in June 2008, \$US 142). He should know it best! Miller is the president of the world's biggest gas distribution company: Russia's Gazprom. Would Europe really freeze in winters, board overcrowded trains, shred their luxury cars, and bike distances? The doctor of economic sciences, one of three Russians who have made it, according to *Newsweek*, to "world's super elites" responds: "No. Gazprom will give you shelter" (Frelj, 2008)!

This forty-plus year old Russian Jewish businessmen, with a chronic liver disease, is one of rare managers who has not been alienated the former communist regime or their institutions of power, like the KGB, the military and alike. If illness becomes a too heavy burden and if intimate living gets priority, Miller's press secretary Sergey Kuprijatov takes over and explains the details. According to him, Gazprom was on the brink of collapse as the "wild privatization", so often identified in transitional economies, threatened to dismantle the firm. Viktor Černomirdin (former prime minister), as well as his and Boris Jelcin's Družba "family" were

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expected to become wealthy from the sale of the country's natural resources. This has stopped as in 2001 Miller, Vladimir Putin's former St. Petersburg city council colleague and protégé (similar to Dmitrij Medvedjev), was named Gazprom's president. Critics were saying that Putin was unfair to Remu Vjahirjev, the former Gazprom's general manager and that Miller, the Baltic pipe-line boss, was too young for such a responsible post. But Miller proved differently! In 3 years he has put Gazprom on the path of success. At first he bought back the formerly sold "silver ware". Transactions took place between Roman Abramovič's (second richest Russian) giant Sibneft and the concurrent gas producer Purgaz as their shares of Gazprom were re-installed. Recently, Miller signed delivery agreements with Kazakhstan and Central Asian's gas producers. Then, in 2008 Gazprom was the third largest enterprise in the world! Miller's aims even higher. By 2015 Gazprom should become world's leading firm, with a market value of 980 billion US Dollars (Frelih, 2008). Miller is (still) not ranked among the ten richest Russians, which speaks in a way for him and for his business.

The Slovenian prime-minister Janez Janša made efforts to greet Miller in a similarly friendly manner as he greeted George W. Bush as he led the U.S. delegation at the EU – U.S. summit in Slovenia just one week prior to Miller's visit. Stepping out of the plane and later, confronting media, Miller acted shy, contrary to the public appearance of his countrymen Vagit Alekperov, two years ago. Alekperov, crude oil giant Lukoil's president, made a visit in 2006, devoted to gain control of Slovenia's and Western Balkan's Petrol businesses.¹ The idea was left without a decision being made. Miller's negotiating methods proved to be more successful, as during his recent visit, a pre-agreement with the Slovenian government was signed. The agreed upon subject was the Gazprom's and Italian ENI's natural gas pipeline project, called The South Stream, crisscrossing Slovenia from east to west. The interested parties are eager to bring new and rich energy resources from geographically diverse areas by 2013. Slovenia joined with 6 countries (Hungary, Romania, Serbia, Croatia, Bosnia and Herzegovina and Austria) which showed an interest in the northern branch of the South Stream pipeline which would bring natural gas to the shores of the northern Mediterranean Sea and the Alps. The southern branch of The South Stream would direct natural gas to the Eastern and Western Balkans (Bulgaria, Macedonia, Montenegro, Albania and Greece) and, underwater, to Southern Italy.

The question is whether there is any substance to Miller prediction and comforting words in regard to Gazprom becoming Europe's major energy shelter. Or is his view of the world similar to the view of another Russian, Professor Igor Panarin, member of the Russian Academia of Science whose relevant study on U.S. disintegration is regarded as a joke. In early March 2009 the barrel of crude oil (159 l) was sold for \$US 43! And the Russian gas deliveries in winter 2009 experienced a dramatic collapse in reliability. The economic crisis in the last quarter of the year 2008 dramatically changed conditions on world's energy market and in many sectors of the economy. Gazprom's projects seem to have been heavily impacted. Oil and gas managerial practices and even nation-state issues have come into existence. But, one fact remains, viz., Europe and the world are still oil and gas thirsty/hungry!

26.2 Energy Hungry Europe

EU's 2007 Crude oil consumption was about two-thirds that of the U.S. (Table 26.1). In both regions unimaginable quantities of this energy resource are consumed every day: in Europe almost 15 thousand billion barrels and in the U.S. more than 20 thousand billion barrels a day. Comparing the consumption to the resident population of both regions, Europe is better off as just about 30 barrels are consumed per day (4.770 l), whereas the daily consumption of the U.S. residents is nearly at 68 barrels (10.812 l) per day per resident.

According to figures released by Eurogas, an international energy study group, the gas consumption in the 27 EU member states increased by 1.9% in 2008 over 2007, reaching 50,010 billion m³ a year. Eurogas' reports that the largest rise in gas demand in the EU was in Spain, with an increase of 17.7% compared to the year before leading to a total demand of 34.7 bcm. Spain was followed by Portugal,

Table 26.1 Oil and gas consumption of EU members

Rank	Country	Crude oil (000 bbl/day)	Natural gas (mil cu m)	Population (000)	Oil/p/day	Gas/p/year
1	Germany	2,456	97,440	82,218	29.87	1185.14
2	France	1,950	42,690	64,473	30.25	662.14
3	United Kingdom	1,763	91,100	61,004	28.90	1,493.34
4	Italy	1,702	84,890	59,619	28.55	1,423.87
5	Spain	1,611	34,430	46,063	34.97	747.45
6	Netherlands	984	46,420	16,472	59.74	2,818.12
7	Belgium	628	17,390	10,666	58.88	1,630.41
8	Poland	524	16,380	38,116	13.75	429.74
9	Greece	441	4,069	11,125	39.64	365.75
10	Sweden	354	1,006	9,254	38.25	108.71
11	Portugal	301	4,112	10,599	28.40	387.96
12	Austria	289	8,436	8,340	34.65	1,011.51
13	Romania	238	17,090	21,538	11.05	793.48
14	Finland	228	4,581	5,312	42.92	862.39
15	Czech Republic	207	8,622	10,403	19.90	828.80
16	Ireland	201	4,984	4,339	46.32	1,148.65
17	Denmark	191	4,555	5,482	34.84	830.90
18	Hungary	163	13,360	10,036	16.24	1,331.21
19	Bulgaria	110	5,600	7,640	14.40	732.98
20	Slovakia	83	6,216	5,401	15.37	1,150.90
21	Luxembourg	61	1,329	484	126.03	2,745.87
22	Cyprus	58	0	778	74.55	0.00
23	Lithuania	57	3,440	3,358	16.97	1,024.42
24	Slovenia	54	1,105	2,026	26.65	545.41
25	Latvia	35	2,040	2,266	15.45	90.26
26	Estonia	30	1,480	1,341	22.37	1,103.65
27	Malta	19	0	408	46.57	0.00
28	EU	14,738	500,100	498,761	29.55	1,002.68
29	United States	20,680	652,900	305,953	67.59	2,133.99

Italy and Greece in seeing increases in demand. The total number of gas customers in Europe rose to 103.5 million customers across the region – a 1.5% rise from the previous year. The UK remains the EU’s largest single gas market, consuming 95.1 bcm, followed by Germany (88.7 bcm) and Italy (84.2 bcm) (Energy Business Review, 2009). Europe major consumption is related to the North Sea Fields, whereas Germany and Italy have to a large extent bound their gas deliveries to agreements with Russia and Algeria. Germany’s and in particular Central European gas supply from Russia was affected heavily in January 2009 as for 27 days gas deliveries were blocked due to the Ukraine-Russia dispute. The disagreement was related to the Ukrainian debts, gas prices, transit fees and other technical issues. The dispute resulted in 18 European countries reporting major declines or cut-offs of their gas supplies from Russia transported through Ukraine.

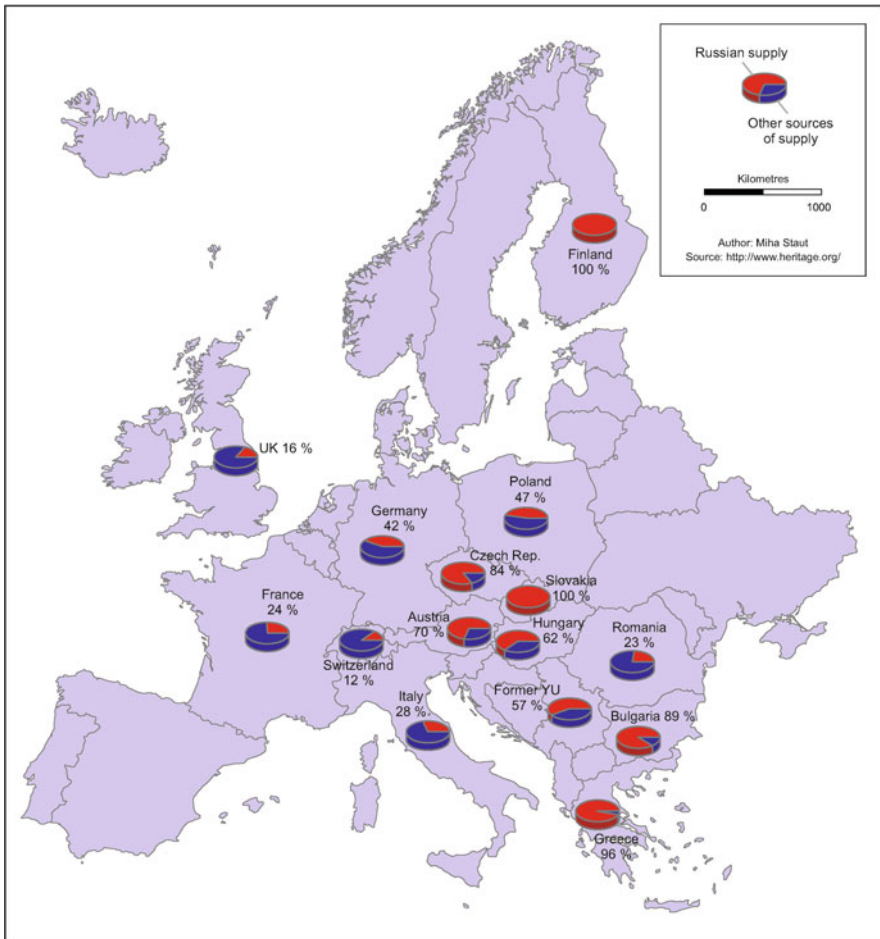


Fig. 26.1 Major recipients of Russian gas

Gazprom's and Naftohaz Ukrainy's dispute over natural gas supplies, prices and debts have a long standing tradition. The Russia-Ukraine disputes involve politicians of both countries and, in the recent dispute in 2009, the European Union as well. The first serious dispute started in March 2005 over the prices for natural gas and transit prices. This dispute culminated on 1 January 2006 with Russia cutting of gas supplies to Ukraine. The situation calmed after 4 days when supply was restored and a preliminary agreement between Russia and Ukraine was achieved. Another gas dispute arose in October 2007 over gas debts and culminated again in the gas supplies being reduced in March 2008. During the last months of 2008 relations between Gazprom and Naftohas Ukrainy again became tense. These resulted in the EU's longest gas delivery crisis. These disagreements brought about second thoughts in regard to the deliveries of gas from Russia as new gas pipeline routes and NLG terminals renewed interest among politicians and professionals in Europe's energy sector (Fig. 26.1).

26.3 Major Transnational Energy Distribution Projects in East Central Europe

26.3.1 *Crude Oil*

The Baku-Tbilisi-Ceyhan pipeline (BTC) is a 1,768 km (1,099 mi) long crude oil pipeline from the Azeri-Chirag-Guneshli oil field in the Caspian Sea to the Mediterranean Sea. It connects Baku, the capital of Azerbaijan; Tbilisi, the capital of Georgia; and Ceyhan, a port on the south-eastern Mediterranean coast of Turkey. It is the second longest oil pipeline in the world after the 3,892 km (2418 mi) long Druzhba pipeline or Friendship pipeline or Comecon pipeline (Russia – East Central Europe) built in 1963. The inauguration of the Baku – Tbilisi – Ceyhan oil pipeline was celebrated on 25 May 2005. This fact was not related to projects which were planned to support the energy-hungry Europe, but it could be perceived as the forerunner of trends and developments. British Petroleum (BP) spent \$US 4 billion on the BTC Northern Caucasus project and was able to transport unhindered (until 2008) the landlocked Caspian oil to western markets by avoiding Russian territory. The EU and the U.S. supported this expensive project in order to reduce dependence on Russian-controlled pipelines and because it would help to bolster the economies of Azerbaijan, Georgia and NATO's Turkey, all western allies. Bechtel was the main contractor for engineering, procurement and construction. But, a recent paper by O'Lear argues, "that . . . such projects, embodying . . . a unique form of governance, involving state and international actors entangled in postcolonial and neocolonial agendas, have the potential to change not only the places through which they are routed, but also the meaning . . . of the state" (O'Lear, 2008). The predicted Georgia self-confidence erupted in spring 2008 as a military move was made to align the self-proclaimed autonomous provinces of South Ossetia and Abchasia with Tbilisi's central power.

In the aftermath of the Georgia-Russia's conflict over Georgia's provinces South Ossetia and Abchasia in the summer of 2008, Russia's troops controlled for a while (23 days) part of the Baku – Tbilisi – Ceyhan pipeline, thus showing that European and western energy projects in the Caucasus, without Moscow's approval, could end up badly. The route of the pipeline is at present less than 100 km (62 mi) from the borders of the above named provinces which, in August 2008, declared independence and state sovereignty. Sergej Bagapš and Edvard Kokojti, presidents of the newly proclaimed nation-states received initial support and international recognition from Russia and Nicaragua.

The Volta pipeline Constanza – Trieste, gained the attention of the international public in 2004. Volta is designed to provide energy resources, viz., crude oil from the Kazakh fields via Russia, the Black Sea, Romania, Serbia, Croatia, Slovenia and Italy (Juri, 2007). But, among all energy pipeline projects, both the devotion of project developers and support among the nation-states of southeast Europe, has lost favor. Instead, other strong investors, including Russians and Italians, are promoting their own projects. Serbia is also now ready to start construction of a 400 km (258 mi) cross-country pipeline together with the Russian Lukoil.

26.3.2 *Natural Gas*

Natural gas pipelines from Russian Siberia to Europe have, compared to the crude-oil pipelines, a shorter history. The 2009 dependency on Russian gas in Europe is as follows: Finland 100%, Slovakia, 100%, Bulgaria 100%; The Czech Republic 81%, Greece: 76%, Turkey 68%, Hungary 64%, Austria 62%, Slovenian 58%, Romania 54%, Poland 51%; Italy 28%, France 24%, United Kingdom 16%.

The oldest gas pipe-line linking Russia and Germany is the 4.196 km (2607 mi) long Yamal–Europe pipeline. The name relates to the Yamal peninsula where deliveries should have started from in the second phase of the project. The planning of the Yamal–Europe pipeline began in 1992. Intergovernmental agreements between Russia, Belarus and Poland were signed in 1993. Two years later Wingas, the joint venture of Gazprom and BASF, started building the pipeline. The first gas was delivered to Germany through the Belarus-Polish corridor in less than four years, as the pipeline reached its rated annual capacity of about 33 billion m³ of natural gas. Since 2005 there have been plans to build the second leg of the pipeline from the Yamal Peninsula. On 1 November 2007, the Russian Ministry of Industry and Energy, Viktor Khristenko, said that Russia has dropped the idea of building the second leg of a pipeline, preferring instead the construction of the North Stream pipeline.

The North Stream is the second gas delivery project on which the EU and Russia have agreed (in 2004). The former German chancellor, Gerhard Schroeder, being president of the North Stream's shareholders committee, and Russia's president Vladimir Putin are promoters of this EON (Ruhrgas), Wingas (BASF) and Gazprom project. Promotion activities extended in 2008 to neighboring countries rich on gas. President Putin was successful in Kazakhstan as was Chancellor Schroeder in his

February 2009 visit to Iran. The European project Nabucco, which originally was aimed to distribute gas from the Caspian fields, including Iran, is far from execution. The joint Siberian and Kazakh, and possibly Iranian gas, should use the North Stream pipes already laid on the ground of the Gulf of Finland and in the Baltic Sea between St. Petersburg and Greifswald in Germany. Nord Stream will be 1,220 km (758 mi) long and will consist of two parallel lines. The first one, with a transmission capacity of around 27.5 billion m³ a year is due for completion in 2011. The second line is due to be completed in 2012, doubling the annual capacity to around 55 billion m³, which is enough to supply more than 25 million households in Europe.

Gazprom started construction of the Russian onshore section of the pipeline in early 2006. The environmental impact assessment procedure started in November of the same year. Some Baltic states, which fear of threats to their natural environment, are in the process to bringing the pipeline issue to international courts. In spring 2007 the Finnish authorities requested the consortium to survey a more southern route of the pipeline because of sensitive environmental and geological conditions. Based on this request, Nord Stream AG filled an application to carry out the survey in Estonian waters. Taking into account the sovereignty in its territorial waters, and that the results of drilling work on the continental shelf would give information about Estonia's natural resources and their potential use, the Government of Estonia rejected the seabed survey application. Because of the disputed territory between Denmark and Poland, Nord Stream AG decided to re-route the pipeline to run north of Bornholm instead of the southern route. However, in 2008 Danish authorities suggested an alternative route to the east and south of Bornholm because of shipping safety. Based on this request Nord Stream AG presented a new optimized route (so called S-Route) south of Bornholm. In 2008, the company submitted application documents to the Swedish government for the pipeline construction in the Swedish Exclusive Economic Zone. The Swedish government rejected the consortium's application which it had found insufficient on which to make a decision. A new application to the Swedish authorities was submitted at the end of 2008. In August 2008, Nord Stream AG hired former Finnish Prime Minister Paavo Lipponen as a consultant to help speed up the application process in Finland and to serve as a link between Nord Stream and Finnish authorities. This issue raised concerns about the number of politicians being paid by Nord Stream, as Gerhard Schröder is already heading the shareholder's committee. In December 2008 Royce Royce was awarded a contract to supply gas turbines and at the beginning of 2009 Boskalis Westminster was awarded a seabed dredging contract.

South Stream is a project which was initiated as a counterpart to the North Stream (Russia – Germany). What is unique about Miller's 2007 project is his confidence that the project will be short in execution and that benefits of the natural gas pipeline could bring put into economic profits by the beginning of the next decade. South Stream would partly replace the planned extension of the Blue Stream, the 2005 envisioned pipeline from Turkey through Bulgaria and Serbia to Hungary and Austria. South Stream is definitely dashing hopes of Gazprom joining the Nabucco

Pipeline project. When asked about Nabucco Gazprom, Miller said: “Nabucco – isn’t that an opera? . . . With a tragic ending?!” (Szabo, 2008).

The South Stream would have two branches. The northern branch project envisions basic pipelines to be constructed through Bulgaria, Serbia, Hungary and Slovenia with the major objective to reach Austrian and Italian customers. The southern branch is aimed to support the needs of Greece and southern Italy. The total capacity of the South Stream pipeline would be 31 billion m³ of gas per year. The project was announced in June 2007 in Rome, when Italian energy company ENI and Gazprom signed a memorandum of understanding. Later in the year Gazprom and ENI signed an agreement about establishing a joint project company for the commissioning of the marketing and technical feasibility studies of the project. In 2008 the pipeline project was registered in Switzerland as the joint venture South Stream AG, which was equally owned by the two companies. The agreement on Bulgaria’s participation was made final in 2008; the agreement with Serbia was signed in 2006, even before announcement of the South Stream project was made. Gazprom and Serbian state-owned gas company Srbijagas agreed to create a joint company to build the Serbian section of the pipeline and a large gas storage facility near Banatski Dvor. In a similar way Russia and Hungary agreed in 2008 to set up an equally-owned joint company to build and operate the Hungarian section of the pipeline. A couple of months earlier Russia and Greece signed an intergovernmental agreement on cooperation in the construction and operation of the Greek section of the South Stream. In order to sign a final agreement with Slovenia, which would enable deliveries of Russian natural gas via the northern section of The South Stream to the Italian border, Miller visited in February 2009 Ljubljana again. He was less successful than during his previous visit in June 2008, described above. The newly installed Slovenian government learned from the Ukrainian-Russia’s dispute and asked for changes in the pre-agreement made in 2008 in regards to Slovenian participation in the joint venture between Russia’s Gazprom and Slovenia’s Geoplin.

The overall the length of the South Stream pipeline would exceed 2,100 km (1,304 mi); the 900 km (559 mi) long offshore section would start from the Bregovaya compressor station on the Russia’s Black Sea coast and would run to Bulgaria’s Varna. The shortest route would run along the continental shelves of Russia, Ukraine, Romania and Bulgaria. But because of the recent gas disputes with Ukraine, Russia is considering a route through Turkey’s EEZ (Exclusive Economic Zone) in the Black Sea. There are speculations that Ukraine will permit the construction of South Stream in exchange for a Russian permit to build the White Stream offshore gas pipeline from Georgia to Ukraine. According to the UNCLOS (United Nations Convention on the Law of the Sea), the delineation of the course for the laying of such pipelines on the continental shelf is subject to the consent of the coastal state. There are no reports on activities in this regard.

From its initial point Varna, the southern route would cross Greece and the Ionian Sea and would join the Italian pipeline system near Bari. The northern pipeline will run through Bulgaria, Serbia and Hungary to join the Austria’s pipe line system near Vienna. The section to support northern Italy’s energy needs would be

diverted in Hungary through Slovenia (Trieste). There are also plans that Bosnia and Herzegovina and Croatia would benefit from two shorter sections of the pipeline, starting at the Hungarian border. The BiH section would end up at the Adriatic Sea in the Port of Ploče; the section through Croatia would be aimed at the Port of Rijeka. This is also an alternative route for the support of the North Italian market, via the Adriatic Sea. The feasibility study will be prepared by SAIPEM, a subsidiary of ENI, and it is expected to be completed by 2009.

The former Italian Prime Minister Romano Prodi got in 2008 an offer from Gazprom to become chairman of South Stream AG. This move was compared with the appointment of the former Chancellor of Germany Gerhard Schröder. According to the Prodi's spokesman "Prodi was extremely flattered, but reiterated that he wants to take some time off to ponder after leaving Italian politics."

The aim of the Nabucco pipeline would in quantity of transporting natural gas be to the South Stream similar, but the length of the pipe-line would be over 3,300 km (2,050 mi). The Caspian, Central Asian and Iranian gas should be transported across territories of Azerbaijan/Armenia, Georgia, Turkey, Bulgaria, Romania, Hungary, Croatia and Slovenia into Austria and Italy and, further on, to the Central and Western European gas markets (Dodevska, 2008a, 2008b; Stana, 2008). The routes envisioned have often changed in last six years due to political situation in the area. The EU's initial idea is stumbling at the moment. At the First Bled Forum in 2006, a Slovenian government and businessmen meeting place (where Russia was missing), the project was highly praised by European politicians and businessmen, but the miscommunication of participating politicians from the Caucasus and the Caspian region showed what a difficult task this could become. Later, Russia's Prime Minister Dmitry Medvedev has commented that there is no contradiction between South Stream and the Nabucco pipeline by stating that "South Stream will have no negative impact on Nabucco, just as Nabucco will have no negative effect on South Stream".

Five companies (OMV of Austria, MOL of Hungary, Bulgargaz of Bulgaria, Transgaz of Romania and BOTAŞ of Turkey) have in 2002 signed a protocol of intention to construct the Nabucco pipeline. More than a year later, the European Commission awarded a grant in the amount of 50% of the estimated total eligible costs of the feasibility study including market analysis, technical, economic and financial studies. There was not much activity on this topic for almost five years. In 2008 the German RWE became a shareholder of the consortium and the first contract to supply gas from Azerbaijan through the Nabucco pipeline to Bulgaria was signed. But in early 2009 Prime Minister of Turkey Recep Tayyip Erdoğan stated that Turkey may withdraw from the Nabucco project if the country's talks of EU accession remains blocked. At the Nabucco Summit in early 2009 (Budapest) the financial construction for Nabucco/European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD) was approved. The European Commission proposed €250 million Euros as a part of its Economic Recovery Plan. At the same time the President of Azerbaijan İlham Aliyev said that Azerbaijan is planning to at least double its gas production in the coming five years to supply the pipeline (Fig. 26.2).



Fig. 26.2 Supply of energy resources from Russia and the Caspian Sea area

26.3.3 LNG

Also other energy related projects “threaten” to some extent to have their final destination in the area of the Northern Adriatic. The idea to place huge LNG (Liquid National Gas) storage tanks into the shallow waters of the Venice Bay and on Mediterranean shores there has been met with strong opposition by the civil society. Despite protests, the LNG storage at Italian Rovigo (Isola di Porto Levante)

is already operational and, it seems, that the approval for the construction will be granted for the localities on the outskirts of Trieste (Dolina) in Italy and on the Island of Krk in Croatia (Omišalj) as well. In the case of Rovigo the LNG facility is already profitably handled by ExxonMobil (45%); Qatar Petroleum (45%) and Edison gas (10%). Since neighbors are going to benefit from the LNG facilities, the Slovenian port of Koper has in March 2008 carefully proposed the construction of a LNG storage facility on their premises too. LNG energy source is definitely growing on its global importance. To existing sources of gas, like Siberia, the Caspian Sea, Algeria and Libya, the Near and Middle East and other geographical regions, the very distant countries, like Indonesia, and remote areas, like the Arctic Circle, could within the LNG context play an important role for Europe – and Italy, member of the G8, in particular (Juri, 2007). In all mentioned localities in the Northern Adriatic, in addition to the container like reservoirs (size: 240×100 m), which would store about 160.000 m^3 of LNG, re-gasification plants and pipelines towards the existing gas distribution net should be constructed as well (Marn, 2006).

26.3.4 Nuclear Power

In addition to gas, Europe and South-Central Europe are increasingly looking forward to the nuclear power as an energy source. According to the Eurobarometer (2008), citizens of 13 out of 27 members would support nuclear energy. Among them, Slovenia too (51%)! Heavy anti-nuclear civic associations (less than 20% of nation-state citizen support the nuclear energy production) are to be found in some Mediterranean member states (Greece, Malta and Cyprus) and Austria. In 2007, Italy announced the construction of three nuclear facilities, their first. In 2006, Slovenia has made steps towards an increase of nuclear power from its Westinghouse facility in Krško. By 2012 it should double the electricity production from the named source (Plut, 2007). Within the same time frame Croatia is planning to construct its own facility near Erdut, on the Danube River, less than 100 km away from Belgrade, Serbia. Similar plans, regarding energy, Serbia has recently announced. No specific localities or time frames have been mentioned (Fig. 26.3).

26.4 Conclusion

Along with global warming, hunger and health related issues, political agendas of nation-states today include different market related issues, in particular of the energy sector. Nation-states are increasingly worried about the dependency on traditional (energy, minerals and food) resources and are in the process to stimulate change. Changes are short term and long term planned. The short term planning is sticking with the traditional type of energy and other deliverable components of the market, including CO₂ emission sources. Nuclear energy has again become appreciated. Increasingly the potentials of natural gas (in different forms) instead



Fig. 26.3 EU Slovenia's pipelines – existing and proposed

of crude oil come into foreground. The reliability of geographically sole source is put under question. Delivery from different localities is appreciated due to many reasons. Dependency in political or other ways should therewith be eliminated. On the other hand, the long term visionary planning is focused on renewable (energy) resources, including solar energy, wind power and thermal energy. This, in addition to the already heavily used resources of the floating waters (rivers and tides)! The increase and implementation of the traditional forms of energy and the introduction of the new ways of energy production is often opposed by the civil society, putting either threat into the foreground of the discussion.

Russia's and Central-Asia's vast resources are increasingly tackled by the Europeans. Being aware of their potentials, Russian mega-distributors of oil and gas, like Gazprom and Lukoil, are promoting their views of energy supply forms, often concurrent to Central Asian or Middle East deliveries. In South-Central Europe the promotion of pipe-lines ("The Southern Stream", "Volta", "Nabucco"...), linking Siberia's and Central Asian treasures with the heavily populated and energy hungry Italian and Central European urban cores, are in their initial phase. Despite it, the crisscrossing of the Balkan Peninsula towards a major distribution center in the Northern Adriatic (Trieste/Koper) and the Alps has more or less become a fact. Nation-states, like Slovenia, are in a way forced to follow rules set in Brussels. But, not enough, Europe's need for the diversity of the energy delivery source has made the Northern Adriatic also a target for the Liquid Natural Gas (LNG) terminals. The Northern Adriatic, the Venetian and the Trieste Bays are namely, geographically the most northerly located bays of the Mediterranean Sea. A Persian Gulf landscape scenario is therewith envisioned (Nared et al., 2007).

Slovenia, being a good pupil of the EU, is following Austrian and Italian giant energy distributors ENI and OMV. It comes to foreground that energy resource management in Europe is, to a large extent politically motivated. Fear (of being cut-off from and/or of not enjoying substantial power resources) is engineering the continent. In South-Central Europe energy terminals of continental dimensions, which would enable delivery from diverse sources, are planned. Global relationship in regard to energy (and other market oriented goods) is repeated/copied on the regional scale, in the Western Balkans. Internal nation-state development policies are subject of centralized decision making (EU) and are only to some extent a result of internal needs and hopes. Slovenia is “enjoying” the benefits and worries of the federation and has, to some extent, already gained the ability to handle regional and national development on their own. Leading the politics of the EU in early 2008 has provided politicians and businessmen of the small European nation state with additional self-esteem.

Note

1. Petrol is Slovenia's largest gas and oil distributing enterprise. The firm's branches are also found in Croatia, Serbia and Bosnia and Herzegovina.

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