

Russia and Turkey's South Stream Gas Deal can Save Europe and the World

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The status of South Stream and the newly announced Russia-Turkey gas deal is much more than it seems. It is primarily about putting the brakes on what has slowly been developing into the next world war.

This new deal may also represent a serious culmination of Russian, Chinese, and Iranian efforts to realign the entire bandwidth between the Adriatic Sea and India. This has ramifications not only for the EU, Bulgaria, and Turkey, but also Syria, Egypt, Israel, Iran, China and most of Latin America. Its effects reach far beyond the scope of this report, and includes currency wars, and military alliances.

Thus, this turn of events may be massive, and the culmination of the success which Iraq, Iran, and Syria have had, with their allies, in rolling back ISIS. Additionally, this comes on the heels of the big changes in Egypt, which saw Turkey's main ally in the war on Syria removed. It also represents a major revival of the Russian effort to build an alternative route to the line going through Ukraine. That line has been the subject of numerous problems as the Ukrainians had been difficult partners. *The recent outbreak of hostilities within Ukraine has made them an even less reliable partner, pushing the need to speed up the process of an alternative Russian gas route into high gear.*

Let us begin with the reality as it has been presented. On December 1st, Russia declared to the world that it had dumped the South Stream project because the European Union had decided that it did not want it.

The EU can be said to have decided this simply because it placed too many barriers on the project, mostly surrounding two factors.

The first factor was a constraint placed on the project by the Third Energy Package (TEP), which was passed in the EU in 2009. This was done much after the South Stream project had already been proposed in 2007, and the tentative agreement already inked. *This change of conditions after the fact*



The Third Energy Package was passed in 2009 but applies also on a South Stream project that was signed in 2007.

means that Russia has not abrogated any of its commitments, either morally or legally. This is important in terms of Russia's other numerous important trading and strategic partners,

both in the region, and in the world. No one will see that Russia pulls the plug on deals it makes.

In fact, Russia showed both good faith and due diligence in all spheres of the South Stream negotiations and construction process. The initial terms of South Stream were made under conditions prior to the latest round of restrictions placed upon Russia, on top of the Third Energy Package. In other considerations, as the project evolved, some elements of the TEP were interpreted in a way which still made the South Stream a viable project. This means that the signatories to the South Stream tentative agreement cannot be held retroactively accountable for newer restrictions to the execution or workability of said agreement, which were unforeseeable at the time of the deal. As the deal evolved over time, the manner by which the restrictions imposed by TEP were interpreted, also figured into the entire project.

The second factor is that Bulgaria had been under extraordinary pressure to conform to EU dictates in this arena. The Bulgarian reluctance to buck EU dictates was understood by Putin, which is reflected in the exact words that were used to describe the failure on the Bulgarian end. By and large, blame was placed on the EU for pressuring Bulgaria. At the level of diplomacy, this gives the Bulgarians an important out, which will figure into this analysis, shortly. Simultaneously, given how power is popularly understood, the Bulgarian government is being held by Bulgarians – who mostly wanted this project for a range of obvious reasons – as being primarily responsible. The Bulgarians were also thinking they had an option, which was snapped away from them with this Russian-Turkish deal. This will also figure into the scope of things to come, that we will describe.

Various news agencies around the world ran with the simple headline that Putin had cancelled South-Stream. Some agencies and analysis groups viewed this as a show of Russian weakness, and others of Russian strength. On the balance, just looking at the headlines as wholly descriptive, we can determine that Russia has acted out of strength. They are actually leaving room for flexibility, and has hinted at conditions for workability.

We are justified in saying this for three main reasons.

The first is that Putin made the statement, it was not made by Europe or for him by others. This means that he was not responding to a question or unforeseen circumstance, but rather this was a calculated pronouncement and made at a time of his choosing. The words were chosen quite carefully. His exact words must be examined.

“Bearing in mind the fact that we have not yet received Bulgaria’s permission, we think Russia in such conditions cannot continue this project,”

He continued on,

“If Europe doesn’t want to realize this, then it means it won’t be realized. We will redirect the flow of our energy resources to other regions of the world.”

The first clause of the first quote, uses the word ‘yet’. Alternate words that would eliminate any room for consideration would have been ‘Bearing in mind the fact that we will never receive Bulgaria’s permission.’.

In order to clarify the open nature that is communicated here, he says ‘in such conditions’. That is, under these conditions, but not other conditions. In other conditions, logically if follows, perhaps something is possible. But, also, perhaps not.

In the second quote, he uses the word ‘If’. Not ‘Since’, or ‘Because’, but ‘If’. In short, “if” they don’t want to realize this, it won’t be realized. If they do want this realized, then perhaps it can be realized. Or not.

Also in this second quote is a statement which runs counter to the actual concept behind the Russian-Turkish gas deal. *Indeed it does aim to direct the flow to Europe*, and not other regions of the world as such. Recall that the Turkish hub is on the European side, near the Greek border. Russia’s Ambassador to the European Union Vladimir Chizhov was clear when he said, [“The gas pipeline thread may go in any direction from the Turkish hub,”](#)

These statements furthermore seem to align not only with developments in Ukraine, but also in Syria, which we will elaborate on here as well. This also means that the statement ought to be viewed in light of how Russia makes its official statements, which are almost always multi-layered messages.

✖ Secondly, most news stories and news analysis also somewhat correctly mentioned that Putin simultaneously had been in Ankara where he ironed out a deal with Erdogan. Putin announced that he and Erdogan had come to terms on increasing the volume of the Blue-Stream pipeline to Turkey, and creating a new pipeline to Turkey. It is chiefly important here to mention that such a high level meeting means that there is much more to this than an energy deal.

After all, *if this was the sole subject of the meeting, such a deal could have been made between Gazprom’s Alexei Miller, or even one of his subordinates, and their Turkish counterparts*. However, importantly is the fact that Turkish energy minister Taner Yildiz has gone on record saying that final terms have not been made. A number of outstanding issues remain, apparently, such as the price of gas. Russia has offered a 6% discount, but Turkey may end up with two or three times greater than that figure (18%). Still, Turkey has enabled Russia to make an important announcement at a critical time. Turkey is no doubt aware that this relates to the two aforementioned conflicts. Still relevant are the more banal and well publicized economic concerns concerning solvency in the EU as well, including decreased demand.

Additionally, Russia has publically announced a \$40-bn+ gas deal with India, as well as commitment to build nuclear power facilities. Interestingly, India and Russia planned as far back as August, and perhaps April of 2014, to make this announcement in December. This lends credence to the ‘strategic nature’ hypothesis of Putin’s well timed announcement on Turkey. [“An announcement on this initiative is expected to be made in December when the two leaders meet at the India-Russia annual summit to be held in New Delhi.”](#)

It is possible that an outstanding issue may relate to how Turkey’s previous plans can be combined with a new Russian-Turkish pipeline, which we will also explore in this report.

Third, as we will explain here in greater detail, this plan removes some of the alternate projects which Bulgaria and the EU thought they could rely on resurrecting, or further developing, in the final event of a Russian pull-out from the South Stream project. Perhaps they had even intended for the Russians to further build in the Black Sea, only to pull the

plug at a later phase, and ultimately have their efforts be for nothing, at great expense for Russia.

In truth, it is both too soon and too hard to tell what will happen exactly.

What Putin stressed was that the decision on whether or not this project can work was Europe's to make. This is an open door.

✖ This seems to really contradict Putin's statement about not having gas go to Europe. Indeed, what we have actually been presented is, for the European project, a rebranded South Stream which now may also simply be combined with Nabucco. This is because the new proposed line to Turkey goes to the European region of Turkish Thrace.

What we are to make of this depends on how we understand larger questions about the world we live in.

The reality of the 'cancellation of South Stream' is an example of a creation of a simulated hyper-reality to dissemble the actual reality of the situation. This meme has now bounced off of all media walls, including alternative media and new media. It has created an echo-chamber truth of its own. We can understand that there are numerous targets of this weaponized bit of information, within the context of the information war at hand.

It should be no surprise that things are not what they seem. *We live in an increasingly complex world which witnesses an increasing sophistication in the multiple layers of meaning, which are embedded in official statements as they are reported.* We can say that the increasing bellicosity in general parallels the increased complexity of these messages.

The details of the proposed deal with Turkey are of some significance. But we can only say with certainty, that what is important at this stage is that the plans seem credible insofar as they are workable.



Russia has officially gone on a media campaign to sell the workability of the Russian-Turkish Stream plan. In a map provided to the public by RT, Russia's English language state news agency, we can see clearly what the intended message is.

Given that the main Russkaya CS plant which was built to handle the capacity of the South Stream line will still be used, and together with this, and the portions of pipe which have already been laid outside of Bulgaria that can still be used, the 5-bn Euros already spent on the project can be easily switched for similar use in a Russian-Turkish Stream scenario. That alone foils one part of a possible US backed EU ploy to lure Russia into an ultimately dead-end project, which would have had the real potential of destabilizing the political structure inside of Russia itself.

If an actual Russian-Turkish stream is built, this will be the case, that Russian efforts have not gone to waste. But what is most critical at this stage is that it adds credence to the Russian announcement. Looking at the map we can see that this is not simply a pipeline to Turkey. It is not simply a different deal, now aimed at Turkey.

No, clearly this is a repackaged South Stream pipeline which now simply routes 150km south of the Bulgarian South Stream proposal, and through Turkey instead. *It also combines,*

now, elements of the Turkish Nabucco plan, as it now involves Greece and Macedonia, before it would turn north through Serbia, as well as having the potential to reconsider the Southern Corridor, as we will explore later in this report.

Perhaps under Russian consultation of this possibility, we can understand why Serbia began construction not in the south-east where it would have connected to the Bulgarian line, but rather in Novi Sad in the north. *This pipe laid in Novi Sad would be the route of either a South Stream or a slightly revised Nabucco in its new incarnation as the Russian-Turkish line.* Taken together, this new plan is the Russian-Turkish deal.

Indeed, we can see that with some modification, Russia and Turkey has proposed to combine the Nabucco and South Stream projects. This was actually proposed by Chief Executive Officer of Italian energy company [Eni](#), [Paolo Scaroni](#), one, the Italian project company involved in South Stream, at an early stage of negotiations. [While mainstream reporting gave a number of reasons why this proposal was initially rejected, what we know for certain is that the logistics and workability of such a plan to combine these two projects have been known about for several years.](#)



It is interesting to consider then, that in retrospect, after all of the intrigue and blood spilt over this contest, that the Scaroni plan based on cooperation, collaboration, and peace, would be the one that actually worked out. Moreover, the Trans Adriatic Pipeline (TAP) which was sometimes a variation of the Nabucco plan, was also a variation of South Stream.

The more one looks at this, given the considerable weight which is given to the opinions of Scaroni, the more one must entertain the possibility that this Turkish reversal was in the works from the start. [Turkey always seemed to play its role with NATO against Syria, but in retrospect we can see that they did not 'retaliate' as expected when Syrian air defenses shot down the Turkish fighter jet, among other things.](#) They did not move against Syria as robustly as they could have, and they never entirely shut the door on Iran. From the start, [they did not freely allow just any mercenary or jihadi passage from Turkey into Syria, and even arrested \(and captured caches\) those connected to Libya \(Belhaj\) and Europe, funded by the Saudis and Qataris.](#)

To be continued...

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