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**Discursive Energy Security:
Narratives and Public Relations in Natural Gas
Pipelines**

Nabucco vs. South Stream case study

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Abstract

The paper studies the theoretical and practical application of public relations to the geopolitical nature of international energy projects in order to expand our understanding of the energy sector's domination of the current political and social environments. More specifically, the paper analyses how energy companies that exhibit close links to the state are able to create and cultivate beliefs in the legitimacy of their exploitation of society's resources in pursuit of their country's national political interests. The focus of the paper is a critical discourse analysis (CDA) of the competition for legitimacy between Nabucco Gas Pipeline International GmbH and Gazprom's South Stream Pipeline. The paper analyzes the discursive competition between the two pipelines over existence in, and legitimate domination of, the European discursive space. It then compares constructed narratives to quantitative factors that shape the European energy market and technical and financial specifications of each pipeline on the basis of its ability to adequately meet European energy demands and enhance European energy security. The purpose of the paper is to demonstrate how Nabucco and South Stream have been able to overcome discursively their technical and financial shortcomings to become perceived as geopolitical tools in a zero-sum game competition and how only this meaning enables the projects to exist.

Keywords

Energy policy, discourse analysis, energy security, securitisation theory, public relations

Statement

1. This statement is to confirm that this paper is a product of my own work and also to confirm that I used the listed sources in producing it.
2. I agree that the paper can be checked for research and studying purposes.

Prague, 20 May 2011

Alina Khasabova

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Introduction

Gazprom Neft, the oil producing arm of Russian energy giant Gazprom, has brought in City shop Hudson Sandler as part of plans to step up its international communications efforts.

- PRWeek, 2 June 2010

Grayling has been selected to handle a six-figure PR and public affairs brief for a planned gas pipeline [Nabucco] aimed at breaking Russia's grip on Europe's gas supply.

- PR Week, 18 June 2010

In the summer of 2010, when Gazprom and Nabucco contracted different private London PR firms, it became clear: the geopolitical competition for supplying Europe with gas has entered the discursive realm of public relations. With the Russia-EU gas relationship already masked by a heavy layer of vested political interest, media dramatization and politicised analysis, it was just a matter of time that professional PR practitioners were brought in to direct public opinion and construct public approval. This discursive competition – that parallels the more complex technological competition on the ground – allows us for the first time to study how energy companies that exhibit close links to the state are able to create and cultivate beliefs in the legitimate exploitation of society's resources in pursuit of the state's political interests.

Energy's critical importance to every aspect of modern life and its increasing scarcity makes this commodity one of the most sought after on the global arena.

States and private energy firms have been known to use all available means – including military capacity – to secure their access to natural energy resources. But even the most coordinated technological approach or the most forceful military offensive may prove short-lived when faced with today’s growing influence of targeted civil activism and political importance of public opinion. For example, when Gazprom’s subsidiary, Gazprom Marketing & Trading, established itself in London, it found that pesky Brits were cautious in trusting a company that they deemed to be an extension of the Russian state. Suspicion and intrigue surrounded the company and worked against its bid for British Gas, which it has been rumoured to have been considering. The case clearly demonstrates how negative perception of an energy company among the general public can adversely affect its merger and acquisition activities, expansion of client base and hinder general business operations.

Yet, while there is a strong consensus and abundance of literature outlining energy’s role as one of the most politicised topics of our time, there is no systematic inquiry into how complex energy projects – initially reserved for specialists in geology and engineering - have been able to enter the everyday discourse of the general public. Although the concept of pipelines being effectively utilized as leverages for various external geo-political and economic purposes is widely researched, it is important to remember that pipelines *per se* – initially merely physical products of engineering projects, signifying no more than a conduit of pipe used for conveyance of water, gas or petroleum products – cannot be considered as ‘actors’ in the advancement of national and business interests on the international arena. However, scholarly work systematically treats pipelines as ‘actors’ and never addresses the question of *how* these inanimate pipelines acquire the meaning and assume the power to be able to serve as powerful tools for the advancement of national and corporate agendas.

This paper intends to address and fill this conceptual gap, by analysing how oil and gas corporations exhibiting close links to states discursively legitimize their business operations and construct meaning around pipelines to achieve political interests. This research will provide insight into how pipelines become “powerful” in the geo-political context and how this constructed meaning does not always reflect the objective reality underlying it. Ultimately, the paper seeks to expand our understanding of the energy corporations’ ability to legitimately dominate their stakeholders’ perceptions of reality and influence the construction of particular narratives to dominate public discursive spaces. It then demonstrates how these narratives – in the instance of Nabucco and South Stream – become more powerful than objective reality and how they orient policy more than rational considerations.

The paper draws from various theories that have previously never been systematically incorporated and applied to practical research cases. Because energy studies have traditionally exhibited consistent preponderance with geopolitics, the paper begins with an overview of the traditional geopolitical approaches to the study and interpretation of energy as a source of power in International Relations. Since this perspective is based on the assumption that actors seek to maximize their energy security by adopting a zero-sum game logic, the paper then proceeds with a review of security theories, including their relevance to energy, in order to demonstrate the constructivist nature of European energy security. The works of Ole Waever and Barry Buzan are reviewed, as their leading position in the Copenhagen School of security studies forms the theoretical basis of this field. In particular, one of the main theories of this paper – the securitization theory – is described in greater detail, as it provides valuable insight into the process through which issues become perceived as threats. In

alignment with the securitisation theory, the paper assumes that energy and “pipeline politics” have been securitised and are today regarded in terms of security (Ciuta, 2010).

Because the securitisation theory stresses the process of defining and constructing a security threat and stresses the dependency of this process on language, it becomes natural to describe and expand the conceptual link between securitisation theory and Critical Discourse Analysis (CDA). CDA allows us to study and hence, to some degree also to predict, how reality is formed and points to methodology that can be employed to consistently analyze these processes. Finally, because both the securitization and the CDA theories imply the existence of hierarchical relations within a society and the ability of securitization actors to dominate and orient to some degree public discourses, the paper discusses Max Weber’s theories on domination and legitimacy, as these form the foundation of the presented research and link security theory to the more practical field of public relations.

The theoretical background allows us to make and supports the fundamental insight of the paper, namely that public perception of security threats is constructed within and by a pre-existing discourse, under the pressure of securitizing actors that have vested interest in producing and cultivating certain beliefs and enjoy legitimate domination allowing them to extract voluntary compliance from the public.

Additionally, in alignment with conclusions formulated by a number of focused studies, it is assumed that Nabucco and South Stream pipeline projects are involved not in a “straightforward economic competition for profits,” nor in a classical geopolitical rivalry for influence and privileged access, but rather that the involved parties have powerful political incentives relating to their global prestige, credibility and image (Baev and Overland, 2010: 4). The resulting competition between Nabucco and South

Stream is hence presented as a discursive battle for legitimate domination of the European discursive space (on energy security) for political purposes.

The paper is structured in four sections, correlated to the expanded CDA methodological framework. First, I analyse communication activities of Nabucco and South Stream to demonstrate the narratives that these projects attempt to evoke in order to claim legitimate domination over the European discursive space. Second, I analyse mainstream media reports relating to the two pipelines to demonstrate the constructed meaning as it exists in the European discursive space. Third, I compare constructed discursive space to the technical and financial specifications of the European energy market, to assess whether the images of the two pipelines can meet the associated requirements. Lastly, I suggest the implications this perceived reality has for policy-making and business operations in the oil and gas sector.

Theory

Traditional geopolitics and energy security theories

Traditionally, scholars and policymakers have viewed the need for control over natural resources through the prism of conventional geopolitics. The interactions among states and private entities over the territory and ownership rights are assumed to be a competition for gaining access to natural resource wealth (Amineh and Houweling, 2007: 368). In general, geopolitics signifies the “competitive zero-sum game played by nation-states in their pursuit of power and security on the cartographic landscape”

(Hayes and Victor, 2005: 6). From this perspective, any gains achieved by a state are necessary interpreted *in relation* to losses incurred by other competitors.

The geopolitics of energy has become a coined concept. The public, the media and policymakers freely employ terms such as “pipeline wars” or “pipeline race” to illustrate the competition for scarce resources (see for example, Victor et al., 2006, or Baev and Overland, 2010). Classical geopolitical theory identifies military capability as the central element of the state’s power, and because in most cases energy markets are not institutionally nor physically separated from states and state powers, geopolitical competition in the energy sector often involves the potential threat of activation of military capability – a traditional hard power tool that has been commonly employed in the past.

It is within this framework of traditional geopolitics that energy security is most commonly studied, even though energy security is a conceptually-diverse umbrella term that stretches among many dimensions, from political, to engineering, to geological and environmental. There is great multitude of conceptualizations of energy security. According to a recent count, there are approximately 45 different definitions of energy security (see for example: Sovacool, 2011: 3-7; Chester, 2010, 889-890) – some that vary in minor nuances, while some employ entirely different frames of analysis that vary from political, to economic, social and geological approaches. To take into account the various elements of energy security, it is most useful to think of it in terms of a *system*:

“Energy security refers to a resilient energy system. This resilient system would be capable of withstanding threats through a combination of active, direct security measures – such as surveillance and guards – and passive or more indirect measures –

such as redundancy, duplication of critical equipment, diversity in fuel, other sources of energy, and reliance on less vulnerable infrastructure” (Brown et al. 2003: 7).

The widespread consensus is that energy security is a fuzzy concept which can be defined in various terms, but that overall it is an “umbrella term that covers many concerns linking energy, economic growth and political power” (Cambridge Energy Research Associates, 2006: 9).

The abundance of the usage of “energy security” in various contexts of modern political and public lexicon has made the concept mean many things at once – a conceptual mistake which ultimately threatens to make the term banal or even not mean anything at all. While some scepticism regarding the usefulness and meaningfulness of the term “energy security” exist, its critiques largely reflect the doubt of whether “energy makes security *banal* – whether, in other words, it still makes sense to talk of *security* given how wildly diverse its meanings, objects and subjects have become with the addition of energy” (Ciuta, 2010: 125). It is important to note that this critique does not challenge the relationship between energy and security, but rather the unreflectivity of the term, which makes it difficult to operationalise.

Yet, while critics rightfully scold at the conceptual fallacy of this vast concept, the term energy security – due to a lack of usable alternatives – continues to dominate energy and security studies. It is therefore critical to examine the various interpretations and dimensions of energy security that dominate the European discursive space, since they carry serious consequences for social practice and the direction of foreign and domestic policies. Below is a brief overview of some of the most prominent definitions of energy security that have been naturalised by the European discursive space.

A more economic perspective sees energy security as “reliable and adequate supply of energy at reasonable prices” (Bielecki, 2002: 237). This definition positions

energy security as the product of the interplay between supply and demand factors under given market conditions that preclude what prices are to be considered reasonable and what supply is adequate, since both of these terms yield variations in interpretation. From a similar economic focus on market behaviour comes the famous definition that energy security is the “loss of economic welfare that may occur as a result of a change in price or availability of energy” (Bohi and Toman, 1996: 1). Notions of adequate supply, reasonable pricing and reliable functioning of international energy markets are always incorporated in all economic perspectives on energy security.

A key factor behind these market-centric definitions is the assumption that energy markets are largely liberalized, which renders energy security to be expressed in market terms (Chester, 2010: 889). This leads to a conclusion that energy *insecurity* can “then be linked to situations when energy markets do not function properly” and this problem can be avoided with strategies aimed at “making markets work” (Noel, 2008), such as independent and competitive markets, with only a slight oversight of market regulators. From this viewpoint, energy security suffers from market unpredictability; hence, the security problem can be managed with greater predictability and reduced volatility of energy markets within a more stable economic environment.

Expanding the economic perspectives on energy security, is the perception that while the global energy market may be to a high degree self-regulating, it is not safe-defending, implying that energy security also involves the assurance of safe transportation and supply of energy (Pascual, 2010; Luft, 2009). This perspective focuses on risks that may affect the physical security of energy outside the traditional supply and demand factors and assumes a conventional geopolitical perspective. As a result, energy security is conceptualised as “reliability of supply, access to the energy resources in sufficient amounts, affordability, and protection from energy supply

interruptions” (Luft, 2009: 5). In particular, threats stemming from terrorism, piracy and intra-state and regional warfare are some of the most common traditional security concerns.

Additionally to economic and traditional security approaches, conceptualisation of energy security also involves a geological dimension, which extends from the simplest question of physical availability of energy resources to the more complex questions of accessibility of necessary technology and knowledge of adequate extraction, refining and transportation methods (Sovacool, 2011). Physical endowment and technological solutions are key components of reliability and determinants of affordability that constitute the basic elements of market-centric approach described above.

Additionally, in the recent decade environmental concerns became reflected in the conceptualization of energy security. The annual *World Energy Assessment* journal notes that energy security is “availability of energy at all times in various forms, in sufficient quantities and at affordable prices without unacceptable or irreversible impact on the environment” (UNDP, 2004: 42). Although this approach has been less prominent due to its long-term outlook, the explosions on the Japanese nuclear plants in March 2011 primed environmental considerations in energy security studies, and it is therefore possible to predict that this approach is likely to gain increased importance already in the short-term.

Finally, the term energy security carries a political dimension, reflecting the necessity for agreements on energy supply and transit at governmental levels to facilitate “the well-being of [the] citizens and the proper functioning of the economy” (EC, 2000: 1-2). This dimension acknowledges the above-mentioned economic, physical, ecological and geological risks to energy security, but argues that under

existing conditions of complex institutional arrangements of contemporary energy markets, “these risks will not be ameliorated or prevented without government intervention through policy and/or regulatory action” (Chester, 2010: 890). This view of energy security is particularly evident in the treatment of the concept by the European Commission, which pursues a policy of top-down regulation of the market, as is evident by the extensive EU legislation currently in force (for an overview see: DG ENER, 2011). The European Union has committed itself to incorporating energy security into its domestic politics by pursuing policies based on market interdependence, unification of the European energy market, and long-term governance improvements in oil and gas producing states (Youngs, 2009).

The Russian Federation is another entity that treats the concept of energy security from a highly political standpoint, as is evident by the structure of the energy sector, its close ties to the state, the country’s national security and foreign policy concepts. According to Vladimir Putin, “the new policies of leading nations must be based upon an understanding that globalization of the energy sector is inseparable from energy security” and that in order to provide for energy security it is necessary to “coordinate the actions of all global stakeholders” (Putin, 2006).

Taking into account the various dimensions of the concept of energy security, it was a natural progression to operationalise the concept to make it quantifiable and to allow for systematic measuring of various risks and factors mentioned above and to assess policy effectiveness. Such quantitative assessment became particularly popular in early 2000s. This was achieved by the “translation of the [energy security] definition into short-term (operational) and long-term (adequacy) threats to supply disruptions based on sources of energy supplies, and subsequent transit, storage and delivery” (Chester, 2010: 889). For these purposes, for example, the Shannon-Wiener index for

measuring ecological diversity has been extended to include indicators measuring energy supply and source diversity, intensity of energy demand, import dependency and political and social stability in relevant export, transit and demand states (Neumann, 2007; Chester, 2010). Additional indexes of varying complexity have been used in attempts to reduce the concept's conceptual ambiguity into an operational value (see for example: Kruyt et al., 2009; Chang and Liang Lee, 2008). In practice, however, these quantitative approaches are rarely employed, apart from their marginal use by the UK Government in relation to oil security (Kruyt et al., 2009).

Ultimately, while a comprehensive recapitulation of all conceptualizations and dimensions of energy security is beyond the scope of this paper, the key notion is that the “concept of energy security is inherently slippery because it is polysemic in nature, capable of holding multiple dimensions and taking on different specificities depending on the country (or continent), timeframe or energy source to which it is applied” (Chester, 2010: 887). This ambiguity of the concept makes it highly convenient for strategic advancement of particular goals, employment of various policies and ultimately, legitimization of political actions. The term is therefore employable in many practical situations in international relations and domestic politics to further core governmental priorities.

If we were to take a step back from the theoretical conceptualization of the term “energy discourse” and apply the concept to the practice of international relations and business operations in the energy sector, it becomes evident that pinning down the exact meaning of this elusive term is insignificant in itself. The true importance of the definition lies in its ability to identify threats and even more crucially, to legitimize policies to counter perceived threats. In other words, in practice the conceptualization of energy security is important insofar as it is able to suggest the course of policy action

and justify it. Due to the polysemic nature of the concept “energy security,” the term cannot be considered a practical unit of measurement, since it includes a broad variety of dimensions and is bound by context and time. Instead, in practice the term becomes a *tool* for construction and justification of foreign policy and energy policy actions.

As a result, while researchers disagree on, and policy-makers prefer to avoid, the issue of *what* is energy security, there is remarkably a notable consensus on *how* to achieve it. The concept’s blithe appearance in literature and official documents over the past decade almost always occurs in the realm of foreign policy and geopolitical studies. “This preponderance with geopolitics infers that the international or global realm is the only legitimate or relevant space for discourse about energy security” (Chester, 2010: 889; Grant, 2008). Since the energy crises of the 1970s, the primary focus for the Western industrial countries was on securing energy supply through geopolitical methods (Cambridge Energy Research Associates, 2006: 9). Since then, energy security in most cases is perceived through zero-sum game lenses. It almost always occurs within a discourse of competition, where enhanced energy security of one actor is achieved at a cost to security of another actor. A prime example today is the “New Great Game” in Central Asia, which has been described as a competition between Western powers – United States, United Kingdom and NATO in particular – against Russia, China and other countries of the Shanghai Cooperation Organization for influence over petroleum-rich Central Asian states (Edwards, 2003).

Similarly, the gas relationship between Russia and the European Union (or the Russia-EU-Ukraine triangle) has often been viewed through the similar zero-sum game prism, while involved actors exhibit a strong tendency to act accordingly (see for example, Samokhvalov, 2007). Even following the assertion that the EU-Russia gas relationship is in fact characterized by a high degree of mutual dependency, which

renders the zero-sum game logic inapplicable to this situation, involved parties have nonetheless continued their customary geopolitical approaches. Instead of seeking joint enhancement of their interdependent energy security, each partner has increased its focus on alternative solutions to its energy needs in order to benefit its position within the zero-sum game. Russia began to actively expand its Eastern vector of exports (see for example Gromov, 2010), while the EU has increased its LNG imports, exploration of unconventional gas supplies and pushed for alternative energy scenarios. Clearly, each side exhibits unease about the notion of interdependence with a partner that has been traditionally perceived to be a competitor. The traditional, geopolitical zero-sum game approach, therefore, appears to be deeply rooted in the gas trade between Russia and the EU.

Critical geopolitics and securitisation theories

Despite its abundant usage in modern political, scholarly and popular lexicon, traditional approaches to geopolitics have been systematically and successfully challenged. The discipline of traditional geopolitics assumes a division of the international anarchical arena into political units – states – separated by boundaries that identify and limit the spheres of political powers. But in the context of an increasingly globalized world, in which traditional power leverages are capable of reaching and affecting societies well beyond the borders of established political entities and in which the boundaries between the ‘inside’ and ‘outside’ of states is blurred, traditional geopolitics can no longer rely on simple division of the international environment into political jurisdictions encircled by boundaries. With dangers to state sovereignty no

longer limited to the traditional military threats, it becomes logical to go beyond the narrow view of “space and security, territory and threats” of a state-centric environment (Tuathail, 2000: 167). Instead of focusing on the physical capacity of boundaries as special limiting lines, boundaries become complex constructions, engendered by social and political representations that are localized in time and within a specific context, and reflect particular social practices (such as treaties and institutions) (Foucher, 1986: 55-56).

Boundaries hence become more than static, physical limiting lines and develop into a set of practices within a particular discourse. “The study of geopolitics in discursive terms, therefore, is the study of the socio-cultural resources and rules by which geographies of international politics get written” (Tuathail and Agnew, 1992: 193). In other words, traditional and discursive approaches to geopolitics share the same ontology, as they both perceive the international arena to be divided between “us” and “them.” However, the two approaches differ in their epistemology, particularly in their definition of boundaries that separate “us” from “them.” Critical geopolitics, adopted in this paper, precludes the existence of ‘objective’ correlation of power and assumes that such boundaries are constructed by identifying the “other” through the rhetoric of the securitisation process.

Traditionally, the concept of security signifies “some degree of protection of values previously acquired” (Wolfers, 1952: 484). Baldwin has made the concept more applicable to empirical investigation by defining security as “a low probability of damage to acquired values” (Baldwin, 1997: 13). Conventionally, these definitions are state-centric, with security studies being closely linked to military approaches.

Since the end of the Cold War, the concept of security has been significantly expanded from its traditional geopolitical frame. With Barry Buzan at the forefront,

scholars have both widened and deepened the security studies agenda, by focusing not only exclusively on its military cross-border dimension, but also analysing its existence within the political, economic, environmental and societal sectors. This paper adopts the view on security as presented by the Copenhagen School, which treats the concept largely within a constructivist, identity-driven framework. According to this school of thought, security is “the pursuit of freedom from threat and the ability of states and societies to maintain their independent identity and their functional integrity against forces of change which they see hostile” (Buzan, 1991: 432). This definition acknowledges that security means the perception of survival of a value or an issue – a designated referent object – in the face of a presented (constructed) existential threat. Hence, no longer is security threat existent *per se*. It becomes constructed through its strategic presentation – through a “securitizing move.”

Since the publication of Buzan, Waever and de Wilde’s *Security: A New Framework for Analysis* (1998), securitization theory has become a dominant approach to security studies. The term securitization refers to an essentially intersubjective process through which an audience becomes concerned about its existential values and begins to believe that a particular valued *referent object* is threatened. Securitisation is a “set of interrelated practices and the processes of their production, diffusion and reception/translation that brings threats into being” (Balzacq, 2011: xiii). The securitization perspective removes the objective ground from the discourse and studies issues that are *perceived* as threats, regardless of whether they *are* threats. Unlike traditional approaches to international relations, Liberalism and Realism in particular, that identify an objective issue and study its threat to an objective audience, in securitization theory threats cannot be separated from the intersubjective representations, i.e. discourses, in which the audience exists.

The definition of energy security then must follow the same contextualization process. Ciuta, for example, argues that the “‘total’ logic of security latent in the energy sector does not imply that security means the same thing everywhere: it means that it permeates all sectors of activity and draws in actors from all levels, *within a context*” (2010: 126). This implies that energy security approaches – as identified previously within the traditional geopolitical boundaries – can be useful analytical concepts but only under the condition that their creation and application is contextualised, because for different societies at different time periods energy security means different things. For example, in 1990s, when the European Union actively expanded its common energy infrastructure and attempted to diversify links with external suppliers, its energy policies were fundamentally economically driven and adhered largely to the market-centric definition of energy security. However, since early 2000s, the issue of external energy policy of the European Union became politicised and securitised, with Brussels paying less attention to market and business motivations (Romanova, 2010: 154). This process coincided with multiple changes within the European discursive space, which rendered previous economic conceptualisations of energy security to be no longer acceptable and demanded for new security constructions.

Because securitization theory stresses the process through which threats are constructed, this approach suggests a whole new relationship between security and language. In fact, one definition of securitisation specifies that security is a speech act and that “it is by labelling something a security issue that it becomes one” (Waever, 2004: 13). “For securitization theory, language is not only concerned with what is ‘out there’ as mainstream theories of International Relations hold, but is also constitutive of world politics” (Balzacq, 2011: xiii). Hence, the action that is able to transform objects

into an existential threats, actors into enemies and issues into existential values is communication¹.

Securitisation or de-securitisation can occur only within a society and only through one's own participation in the dominant discourse and political practice of that society. "A securitizing actor is someone, or a group, who performs the security speech act" to declare a referent object to be existentially threatened (Buzan et al., 1998: 36-40). The survival of these actors usually is not directly threatened by the reference object. Instead, they usually focus on the need to defend the security of the people, the nation, the state, a system, a principle, or some other large element deemed to be important and valued by the audience. The most prominent and common examples of securitising actors are political leaders, governments, pressure groups, firms and other bureaucracies. For this reason, the application of securitisation theory in IR most often takes a state-centric and hegemonic approach to security issues, with states considered to be the main units of analysis within a global pattern of security relationships.

It is important to note that the designation of "actor" is to a degree arbitrary, because the same security speech act can be attributed to actors on different levels, e.g. a message from a politician can be attributed to a political system, bureaucracy or that specific individual independently. Nonetheless, regardless of the difficulty in accurate identification of securitising actors, their power to initiate and maintain processes that construct society's perceived threats and define accepted methods for their solutions points to the existence and observance of particular inter-societal hierarchical relations that enable such domination. In other words, securitisation act implicitly identifies dominance and power relations within a society.

Securitisation theory carries serious implications for the practice of politics. Securitising a referent object entails that this object will be removed from the normal

¹ Defined for the purposes of this paper as all forms of written or spoken texts

bounds of customary procedures. Buzan et al. observed that “security is the move that takes politics beyond the established rules of the game and frames the issue either as a special kind of politics or as above politics” (1998: 23). This carries significant implications regarding legitimate ways to manage the threat. Securitising a referent object and its elevation beyond politics opens many doors to possible policy reactions (e.g. legitimises torture and murder or temporary marginalisation of other values). This paradigm applies not only to states, as this can also be observed among different levels of systems – the church, family, private organizations, and so on.

Additionally, this theory carries significant consequences for the allocation of responsibility for security provision and management. Traditional approaches to security studies assign political leaders the responsibility to manage existing threats and in cases of failure, hold political leaders accountable for their inability to adequately respond to them. Because the securitisation theory, by contrast, does not assume an existence of threat outside of discourse, political leaders are seen to construct security threats and legitimise methods to respond to them. Hence, they are responsible for the *creation* of threats, as well as for their subsequent legitimate management.

Critical Discourse Analysis

Assuming a securitisation theory perspective, it emerges that the success of the securitisation process is highly contingent upon effective use of language, or in other words an ability of the securitising actor to persuade his or her audience by identifying and exploiting the relevant feelings, needs, values and interests. Effective persuasion requires that the actor frames his or her arguments and interpretations within a discourse most relevant and dominant for the receiving public. To achieve a perlocutionary effect,

the speaker must identify with the audience and employ the frames that best resonate with the audience's experience (Balzacq, 2011: 9). This theory, therefore, directly points to the importance of language and discourse to human identification and understanding of threats, as well as legitimation of chosen solutions. Due to the dependency of socially perceived threats on the actions of securitising actors, existing public discourse and employed language techniques, it becomes natural – almost necessary – to establish and describe the close conceptual link between securitisation theory and Critical Discourse analysis (CDA).

Discourse analysis is an approach that enables scientists to study how discursive realities and perceptions (including threats) are constructed within a discourse. Discourses contribute to the construction of social identities, social relations of power, social systems and institutions, and, of special relevance to this paper, of perceptions of threats and the legitimate methods to alleviate them. Discourse allows us to identify which issues are presented or considered to be security threats, how these constructions are developed, and how facts are manipulated to acquire special “meaning that is then carried by actors in a particular situation” (Larsen, 1997: 26; Vieira, 2006: 4). In alignment with the constructivist theory, discourse analysis postulates that identities, social practices, social knowledge and institutions are constructed by and within a particular discourse (Torring, 2006: 3).

Linguists and social scientists have suggested that an understanding of any given word and any given object of physical matter, i.e. the activation of lexical-conceptual meanings, occurs through the process of cognitive appraisal, which links new information with pre-existing interpretation frames and cognitive models (Lakoff's Idealized Cognitive Model, 1987). Social knowledge, power relations and their underlying legitimizations are all discursive elements that are historical and context

specific (Fairclough and Wodak, 1997: 271-280). As a result, human understanding of a particular reality is constructed based on the discourse within which that reality is interpreted. All new information must correlate and “fit” to existing beliefs, otherwise it will be simply dismissed. This leads to the conclusion that ideological representations of different social phenomena and objective reality – which (and not the objective phenomena *per se*) constitute socially-accepted reality – are constructed by and within existing discourses. The way that these pre-existing discourses interact with new information shape societal popular knowledge, establish and legitimise beliefs and determine social and political action.

“Critical Discourse Analysis is a political approach to discourse analysis, which emphasises the processes that create meaning” (Rogers-Hayden et al., 2011: 135).

Pioneered by Fairclough, CDA enables scientists to develop a framework for the study of language as the key element in the creation of perceived reality. In social sciences, CDA methodology is applied “to uncover how language works to construct meanings that signify people, objects and events in the world in specific ways. It is concerned with the way in which discourse builds social identities, social relations and systems of knowledge or belief and how these discourses maintain power through their ideological properties” (Brookes, 1995: 462).

A particular attention of CDA is given to the analysis of tensions among discourses for domination within a society. In order for a discourse to gain hegemony, i.e. to become ‘naturalised’ within a given social system, it must “succeed in making its own rules/systems/beliefs appear to be the ‘natural’ ones; and contribute to the deactivation of ‘projects’ which work against it” (Rogers-Hayden et al., 2011: 135). “Every system of authority attempts to establish and to cultivate the belief in its legitimacy” (Weber, 1977: 325). Because it is through language that humans perceive,

accept or challenge reality, language *ipso facto* is an instrument for legitimization. In the case of the Nabuco-South-Stream conundrum, there is a clear competition among the discourses of the Nabucco consortium and Gazprom (by extension, the Russian state) over hegemony in the European discourse pertinent to energy security. Analysing this competition from a CDA perspective involves examining how these discourses are used to challenge or exploit existing dominant beliefs, construct new myths and persuade the audience to alter their pre-existing perceptions of reality.

Because CDA is closely interlinked with the notions of domination, a key element of the approach is the interrelationship between power and language. Norman Fairclough (1992) has suggested a famous three-dimensional framework of CDA for the study of discourse (perceived reality) creation. The model consists of an analysis of three concurrent elements: an examination of discursive products (texts); a study of how texts are interpreted within discursive practices and simultaneously produce them; and finally, how these texts become situated within the greater context of its discursive space and hence, how they contribute to the interpretation of socially-accepted reality and social practice. This approach implies that the meaning of texts is produced within a wider social context – *and* that the meaning of texts influences the wider social context (under the condition that these texts succeed in gaining dominance). The practical usage of CDA is described in greater detail in the methodology section of the paper, as CDA is used to examine documentary evidence to understand the discursive competition between Nabucco and South Stream pipelines over legitimate domination of the European discourse on energy security, and hence, to guarantee their right to survival.

Theories of legitimacy, public relations and public diplomacy

Because securitisation is a linguistic process carried out by particular actors holding the power to initiate and manage the process and targeted at the conforming mass public, securitisation theory corresponds closely to Max Weber's traditional studies of legitimate domination and contemporary studies of public relations.

In his famous book *Economy and Society* (1922), Weber elaborated on the concepts of domination and legitimate authority, focusing specifically on the factors that allow these powers to be acceptably exercised. He coined the term *Herrschaft* – roughly translated as domination by the virtue of authority with implied voluntary compliance (see for example *Ibid*, pages 941-946):

“To be more specific, domination will thus mean the situation in which the manifested will (command) of the ruler or rulers is meant to influence the conduct of one or more others (*the ruled*) and actually does influence it in such a way that their conduct to a socially relevant degree occurs as if the ruled had made the content of the command the maxim of their conduct for its very own sake” (*Ibid*: 946).

According to Weber, legitimate domination is achieved when the society believes in the myths that are created and cultivated by the ruler(s) (as opposed to the myths being actually true). This points to the constructivist nature of legitimacy (Suchman, 1995) and indicates that continuous production of correct messages and their successful communication can ultimately make an organisation appear legitimate and allow it to legitimately exercise domination over its environment.

According to Weber, legitimacy is socially constructed and all individuals and organisations seek to achieve and maintain legitimacy to ensure existence and provide

for longevity. This can be achieved by either of the three principles: the legal-rational legitimation; traditional legitimation; and charismatic legitimation (Weber, 1922; also see Wearaas, 2009). Legal-rational legitimation seeks to demonstrate and assure that socially-accepted rationality is implemented in every aspect and at every level of the system. Assuming that society embraces rationality, people are more likely to accept domination of a system that works within the framework of existing rules and accepted rationality principles. In practice, this means that organisations will seek to justify their existence by proving the legality and rationality of their operations within a specific context, giving prominence in communication to enacted regulations and laws and demonstrating its adherence.

Traditional legitimation is based on an established belief in the sanctity of immemorial traditions. It stipulates that through a continuous cultivation of a perception of authority among the citizens, the individual or institution receive legitimation. Simply put, this system legitimises authority on the basis that it always has been there in that form.

Finally, the charismatic legitimation rests on the perception that the leader exhibits some sort of exceptional heroism, character or sanctity and is endowed with exceptional powers or qualities. Charisma can be inherited or it can be artificially produced in a person or institution through some extraordinary means. Additionally, charisma can be depersonalised to make it apply to institutions and systems either through the transfer of charisma from an individual with pre-existing charismatic legitimation or by cultivating charisma of an organization as a whole, focusing on its unique qualities and extraordinary contributions to society.

Upon closer look, the seemingly more general purpose of public relations – to establish good long-term relations with relevant stakeholders² – fundamentally rests on the same concept of legitimate domination outlined by Weber. Public relations seek to facilitate business operations of an organisation and their long-term success. To achieve this, the practice seeks to establish *mutually beneficial* relationships between the organisation and the relevant stakeholders in order to reduce resistance to the organisation’s operations. Formally, this purpose is defined as:

“the management function that establishes and maintains *mutually beneficial* relationships between an organisation and the various publics on whom its success and failure depends” (Cutlip et al. 1994: 6, italics added).

Although traditional definitions of public relations purposefully omit mentioning domination or authority, these concepts are inevitably implied, as the term *mutually beneficial* relationship in practice means seeking to influence voluntary compliance from the environment by cultivating particular perceptions and beliefs regarding organisation’s operations. All traditional definitions of public relations indicate that establishing these relationships must be a separate managerial function involved in strategic management, which entails that ultimately, one of the key tasks of an organization is to influence the environment in which it operates (Dozier et al., 1995; Vercic, 2009; Podnar et al. 2009). In other words, organisations seek to legitimise their domination “by the virtue of authority” – by adjusting their communications to the discourses in which their publics operate in order to make their messages appear legitimate and be voluntarily accepted.

² A stakeholder is defined as a public, whose opinion and behaviour are important for the existence and success of an organisation, such as shareholders, customers, legislators, pressure groups and so on.

“Existing as an organisation and conducting business is a sort of privilege that must be justified” (Waeraas, 2009: 310). Because organisations – and this is especially applicable to large transnational corporations involved in exploiting natural resources – continuously seek to acquire and increase their share of society’s resources, they are inevitably faced with the necessity to influence the perceptions and beliefs of the society to secure their legitimate existence. This need becomes particularly apparent when an organisation is faced with criticism from its stakeholders.

Assuming Weber’s definition of legitimacy as the justification of one’s right to exist, it becomes imperative that any formal system must strive to achieve legitimacy and that it must continue to “base its existence on a principle of legitimation, either the legal-rational, traditional, or the charismatic” (Waeraas, 2009: 301). This is very similar to the central postulate of public relations that states that “all business in a democratic country begins with public permission and exists by public approval” (Arthur W. Page, 1939).

Despite the clear connection between Weber’s concepts of legitimacy and legitimation with the practice and purpose of public relations, there exists only a handful of scholars who have studied and demonstrated these similarities and links (see for example Waeraas, 2009: 309). Public relations literature tends to focus on the practice and techniques of strategic communication for specific business purposes and is less preoccupied with specifically defining and analysing their theoretical implications. Instead, the field most often is satisfied with a general objective of ‘obtaining good relations’ or establishing a long term ‘positive reputation.’ Instead of focusing on the very theoretical and abstract concept of legitimacy, public relations gives precedence to the similarly constructed, but much more intuitive concepts that appear in everyday settings, such as image and reputation. Legitimacy becomes an important issue for

public relations practitioners only when its application to an organisation or individual becomes questioned.

This is clearly a theoretical shortcoming for the field of public relations. Indeed, the conceptual leap from the traditional objectives of public relations, i.e. establishing good relations with the stakeholders, and the theory of legitimacy is rather small. One may easily defend an argument that in fact the main purpose of strategic communications is to obtain and preserve legitimacy and to further expand legitimate domination. Only a handful of scholars have observed this link. Of those who did, the idea emerged that “establishing and maintaining organisational legitimacy is at the core of most, in not all, public relations activities” (Metzler, 2001: 321).

In alignment with Max Weber’s theories of domination, authority and power, the discourse around Nabucco and South Stream projects is interpreted as a competition to acquire domination by virtue of their contribution to energy security. In essence, we can observe a competition between the two pipelines and their relevant transnational corporations for a justified right to exist within the European discursive space. Because legitimacy is socially constructed, the potential for acquiring legitimacy can be found in the citizens’ perceptions and beliefs. In this case, the public beliefs regarding energy security play the key role in the competition, as they determine which project is seen as a better solution to the perceived energy security dilemma.

Because in the case of Nabucco and South Stream – as is applicable also to all strategies of world’s major energy companies exhibiting close links to the state – communication campaigns are cross-border and are closely linked to government foreign policies, this type of international public relations closely corresponds to public diplomacy. The theoretical roots of public diplomacy have originated in the classical public relations. Propelled by globalisation, there emerged a belief that PR techniques

used domestically by individuals, organisations and political bodies can also be employed by governments and multinational corporations to influence the perceptions and attitudes of publics abroad. Today, public diplomacy is generally defined as activities of a government or a transnational corporation “reaching out to a public or polity to explain its cultures, values, policies, beliefs and, by association, to improve its relationship, image and reputation with that country” (Taylor, 2008: 53).

Public diplomacy – just as domestic public relations – techniques are powerful tools to amend and influence public opinion, but in isolation, they should not be considered to be all-powerful tools. Unlike domestic public relations, where an organisation’s PR efforts and messages can be mediated by the media, word of mouth and personal interaction, in international public diplomacy the media largely plays the most important role, as there is usually little opportunities for governments to influence consistently the latter two in foreign countries. This leaves the “media (and not just the news media but, potentially, almost all types of media including comedy, soaps, movies and more) as a potential tool of influence” (Taylor, 2008: 58).

International practice illustrates that it is exceptionally hard, if not impossible, to change public perception of an organisation or a country without any changes in the behaviour of that entity. For example, in mid-2000s, Russia hired an internationally renowned PR agency Ketchum to influence the coverage of Russia in British and US newspapers. While the company succeeded in delivering quantitative outputs of favourably slanted commentary and analysis, the Western media and, by association, public opinion nonetheless remained relatively unsympathetic toward Russia (Taylor, 2008: 54). The inability of Ketchum to exert any substantial influence over Western public and policymakers’ opinions of Russia is arguably an illustration of the country’s serious disconnect between “what the Russian government does and says in the

domestic arena and the image that the Kremlin is trying to project to international audiences” (Avgerinos, 2009). As a result, the discrepancy only reinforced the cognitive dissonance theory, which suggests that people have a tendency not to accept or believe information that is inconsistent with their pre-existing ideas and beliefs (Cooper et al., 1984:230). This caused Western audiences to dismiss new frames for analysis and interpretation of policy developments, and rather resort to their pre-existing perceptions and Cold War interpretation frames.

While there are plenty of examples to illustrate the limitations of public relations and public diplomacy techniques, there is also a successful track record of their timely and effective incorporations into the nation’s foreign policy. An example commonly quoted in textbooks is the American decision not to continue its military invasion into Baghdad during the first Gulf war. The commanders rightfully assessed that aside from possible military difficulties and even a risk of failure, this decision could cause the coalition, which also included Muslim and Arab forces, to fall apart due to the unpopularity of such option among the Muslim publics (Taylor, 2008: 54).

Ultimately, while public relations and the subsequent public diplomacy efforts cannot independently sway the foreign public and policymakers to alter radically their perceptions of a country or a multinational organisation without consistent change in the latter’s both domestic and international policies and behaviour, these techniques nonetheless have the potential to exert significant influence over foreign policies and business operations in both positive and negative sense. As the result, the conclusion found in most nations’ foreign ministries’ offices is that effective diplomacy today consists of traditional hard power approaches, such as the use or threatening use of military strength, together with public diplomacy techniques, such as the softer power of cultural, educational and economic tools. In companies, this translates into a marketing

campaign that consistently and directly correlates with a public relations campaign tailored to suit the characteristics of the pertinent publics and stakeholders in each relevant country.

Nabucco – South Stream project overview

European security fears

Despite the fact that the European Union today is yet far from being monolithic, there are various examples of instances in which policy-makers on the EU level have demonstrated an ability to reach a consensus on the identification and interpretation of security threats. For example, the process through which the Southern Mediterranean region became a geopolitical area of concern for Europe and was conceived as a threat to Europe's security illustrates the ability of the EU-level policy-makers to forge a top-down discourse that has securitised a region and that consequently has determined and legitimised political, economic and humanitarian actions (Vieira, 2006). However, the key pillar of European Union domestic unity and global influence has been its economic dimension, rather than political or military power. Only recently the EU has demonstrated itself as a rising actor in international affairs, with growing influence not only in the sphere of economic relations, but also in security issues (Vieira, 2006: 1-2). Within this context, Nabucco is one of the key pan-European projects today that

ventures into new policy ground and hence, since its inception in 2002, the project has consistently been primed as that of critical importance.

From the first days of the European venture, energy issues have been at the heart of EU policy, with some of the primary fundamentals of the Union formalised in the European Coal and Steel Community (ECSC Treaty, 1951) and the European Atomic Energy Community (Euratom Treaty, 1957). To support the aims of its energy policy, the EU has been creating market-based tools (mainly tax schemes, subsidies and the CO2 emissions trading programme), developing common energy technologies (especially technologies for energy efficiency and renewable or low-carbon energy) and establishing community financial instruments. An abundance of regulations, green papers, strategies and communications provide the legislative and regulatory framework that in theory is intended to enforce and oversee compliance.

Regardless of this, however, today, the role of Brussels in creating and governing a single energy policy for its member states is very limited. While the European Commission continues to issue recommendations and green papers to encourage its Member States to ‘speak with one voice,’ in practice the EU gas market and the region’s energy interests are far from monolithic, and as of yet, the EU does not exercise full control over this issue. These governance problems have created a general understanding that the formulation and implementation of a full-fledged European energy policy within the next years is unlikely, which has compelled Brussels to focus rather on leading the process of “incremental cohesion of internal and external measures on energy issues” (Baumann, 2010: 83).

Within this process, the Commission is clearly pushing to extend its powers over the energy sector. In this sense, the ratification of the Treaty of Lisbon in 2010 has been an important achievement, as it increased potential leverage of Brussels over the

common energy policy. The Treaty partially re-delegated the issue of energy to the usual ordinary co-decision procedure requiring qualified majority voting (QMV), as opposed to the previous requirement of unanimity³ (TFEU, Art. 194). However, taking into account the differences among 27 Member States, even reaching the qualified majority often proves to be an exceptionally difficult task. Because of the immense diversity of energy mixes, different suppliers and different political legacies, member states rhetorically agree on the need for a coordinated energy policy, but significantly diverge in their perceptions on the degree of necessary and possible coordination. As a result, there is no single agreement on whether the common initiative should provide merely for a loose cohesion, or go as far as to offer concrete common energy security measures (Goldthau and Witte, 2009: 379).

Following the ratification of the Lisbon Treaty and the subsequent administrative and leadership changes, the multiplicity of actors taking part in EU energy policy-making is vast and confusing. The Commission – and specifically Commissioner for Energy and his or her Directorate General together with the President of the Commission, the High Representative together with his or her External Action Service (EAS), the Council and the President of the Council all have some sort of competency when it comes to determining, negotiating, executing and evaluating European energy policy. The hierarchy and division of competencies at the EU-level are not yet settled and confusing even to many European policy-makers. When it comes to the relationship between Russia and Brussels, it is unclear with whom contracts should be signed, and it becomes logistically and economically more beneficial and efficient to work bilaterally with member states and their respective energy ministries and

³ QMV applies to issues related to the functioning of the energy market, security of supply, promotion of energy efficiency and energy saving, promotion of the development of new and renewable forms of energy, and the promotion of the interconnection of energy networks. However, unanimity of the Council is still required for energy measures that are primarily of fiscal nature.

companies (some of which also retain close links to state) (Leonard and Popescu, 2007). Administrative complexities are paralleled by the divisions in perspectives towards Russia among the old and new Member States.

Aside from these institutional complexities, negotiating a common energy policy is also difficult because each country has different energy priorities, uses a different energy mix and is dependent on different supplies in different degrees (Baumann and Simmerl, 2011). When one, for example, compares the differences between Italy and Slovakia, the problem of harmonising energy policy becomes evident. While in Italy the total primary energy supply derived from natural gas constitutes approximately 35 percent of the country's energy mix, only 16 percent of this gas comes from Russia. In Slovakia, on the other hand, 30 percent of the energy mix is natural gas, with 100 percent of it imported from Russia. As a result, member states have chosen to retain control over their energy supplies and co-operation in energy sector has remained an intergovernmental process. EU member states have already made it clear that they would not tolerate interference with national sovereignty, especially when it comes to taking sensitive political decisions such as opting for nuclear power or deciding which energy suppliers to choose (van Hecke, 2007). These differences and lack of apparent will from many national officials have prompted some scholars to believe that the pleas of member states for common action are often "superficial" (Baumann and Simmerl, 2011: 3).

The internal diversity among European member states translates into a cacophony of approaches to the development of a single external energy policy and specifically, to the question of how to deal with Russia's dominant position in the Union's natural gas market. The recent study by the European Council on Foreign Relations (ECFR) has identified five distinct policy approaches to Russia:

- “**Trojan Horses** – Cyprus and Greece, who often defend Russian interests in the EU system and are willing to veto common EU positions;
- **Strategic Partners** – France, Germany, Italy and Spain, who enjoy a ‘special relationship’ with Russia which occasionally undermines common EU policies;
- **Friendly Pragmatists** – Austria, Belgium, Bulgaria, Finland, Hungary, Luxembourg, Malta, Portugal, Slovakia and Slovenia, who maintain a close relationship with Russia and tend to put their business interests above political goals;
- **Frosty Pragmatists** – Czech Republic, Denmark, Estonia, Ireland, Latvia, the Netherlands, Romania, Sweden and the United Kingdom, who also focus on business interests but are less afraid than others to speak out against Russian behaviour on human rights or other issues;
- And the **New Cold Warriors** – Lithuania and Poland, who have an overtly hostile relationship with Moscow and are willing to use the veto to block EU negotiations with Russia” (Leonard and Popescu, 2007: 8).

These perception differences are clearly seen in policy and behaviour. For example, the countries of the EU-15 are willing to embrace Russia as a strategic partner as is evident for example by Nord Stream or the extensive Italian-Russian cooperation in the natural gas sector. The new EU member states that were formerly under the influence of the Soviet Union⁴ (EU-8) do not seek such cooperation as actively as their Western counterparts (although, it should be noted that following the ‘re-set’ of US-Russian relations, the tensions between these countries and Russia significantly

⁴ Bulgaria, Czech Republic, Estonia, Latvia, Lithuania, Romania, Slovakia and Slovenia

decreased). Instead, countries of EU-8 opt to choose policies that are designed to bypass Russia, as is exemplified by their dedication to the Nabucco pipeline or endeavour to build liquefied natural gas (LNG) terminals in the Baltic states.

Ultimately, European member states are divided in their approach and perception of Russia and Gazprom according to their national identities, mentalities, historic legacies and current economic and energy status. Under these conditions, a common EU approach to Russia impossible to achieve. Drawing on these divisions, a number of scholars have asserted that “Moscow’s divide-and-conquer tactics have successfully prevented greater inter-European cooperation on both economic and security issues,” which in turn has produced a significant threat to member states’ energy security (Smith, 2010: 1). In academic circles, political communication and mass media rhetoric, this “divide-and-conquer” approach has gained prominence and has been widely used, causing it to enter the popular European discourse around Russia and become ‘conventional wisdom.’ Yet, this approach bluntly overlooks the fact that divisions among EU member states have already existed, exist and will continue to exist even without Moscow’s influence and within all issues, even those not pertaining to Russia or foreign policy in general (as for example has been exemplified by the Lisbon Treaty saga). Moscow does not “divide-and-conquer.” Rather it manipulates and exploits existing divisions in order to further its own national interests. While this certainly poses problems for European unity, the inconsistency of perceptions and approaches to Moscow by different EU Member States pushes Kremlin and Gazprom to seek more secure bilateral contracts with individuals European states that are more willing to cooperate (Neuman, 2010: 8).

These perceptions are explained in part by the fact that new EU member states virtually entirely depend on Russian gas deliveries – the Baltics import almost 100

percent of their gas demand, Poland and Czech Republic more than two-thirds. Because the size of their markets is at the same time much smaller than their Western European counterparts – Poland’s annual consumption is about 14 bcm, Slovakia’s less than 6 bcm and the Baltics average less than 3 bcm (compared to Germany’s almost 90 bcm market) –their gas supplies depend to a significant extent on the contracting policies of the European heavyweights, such as Germany (Goldthau, 2008: 687). As a result, these states are to a high degree dependent on the relationship between Russia and the old EU member states, which in most cases is perceived as an urgent threat to energy stability and security.

Although the concept of “energy security” is primed throughout a wide range of official documents, policy statements and reports issued over the last decade by European government and supranational organisations, its use has been rarely accompanied by a discussion and almost never by a definition of the meaning of the concept (Chester, 2010; Egenhofer et al., 2006). This nonetheless does not hinder the creation and mass exploitation of fears regarding reliance on Russian gas. The most prominent fear that the Russian elite may use gas as an ‘energy weapon’ in the international geopolitical contest (Soderbegh et al., 2010; Umbach, 2010). In 2008, “some EU member states even called for an ‘Energy NATO’ to ensure Western supplies in case Russia cuts off oil and gas deliveries” (Goldthau, 2008: 687). Ultimately, these fears were based on the discourse that presented Russian elite as seeking a favorable outcome in a zero-sum game through its gas weapon. The second worry – far less pronounced and with little reflection in the mainstream media – is that Russia may no longer be able to meet demand of natural gas, due to lack of adequate investments in the upstream sector and highly inefficient domestic use of resources (Goldthau, 2008; Solanko and Sutela, 2009).

There were several reasons why the issue of energy security became politicised and securitised in 2000s in the European Union. In contrast to market liberalisation going on in EU, Russia did not follow the same path and did not open its territory for the free transit of pipelines belonging to Central Asian suppliers. In addition, record high energy prices and subsequent repayment by mid-2000s of most of Russia's external debts have provoked an increased self-confidence among the Russian leadership. The growing scepticism about the Energy Charter Treaty coupled with increased self-confidence prompted Kremlin to seek other, not always economical, ways to ensure that its relations with the near abroad adequately suits the country's energy interests. This in turn caused significant deterioration of relations between Russia and many of its neighbours, Ukraine and Belarus in particular. The August 2008 proxy war between Russia and Georgia reinforced European fears and caused suspicions that Russia is seeking – with all available means, including military power – to control pipelines outside its own territory to hinder European attempts to diversify its supplies of hydrocarbons. This in turn created additional perceived threats for Ukraine and the Baltic states, with many voicing fears that Russia can attack these countries in a similar manner. The record high natural gas prices further aggravated the fears.

In 2002, when the idea for Nabucco pipeline was initiated by the Austrian gas company OMV, it was largely a business project intended to raise capital from gas transit and to secure new supplies from the Caspian and the Middle East. Its primary purpose was to expand export routes of Caspian natural gas to European consumers and hence, the pipeline was to deliver Azeri and Iranian natural gas through Turkey, Bulgaria, Romania, Hungary and Austria. The Turkish and Austrian partners expected to profit from the lucrative transit fees for moving gas across their territories. Shortly, however, Nabucco acquired political meaning when it “won early moral support from

Russia sceptics in Central and Eastern Europe, who saw the pipeline as a historic opportunity to build a new lifeline to the West while weakening Russia's grip on them" (Erdogu, 2010: 2940). What began as a straightforward economically motivated project, quickly transformed into a political construct representing protection against the perceived threat posed by Gazprom.

After several years of negotiations, the Nabucco Gas Pipeline International GmbH was established. Its stakeholders are the Austrian OMV, German RWE, Hungarian Mol, Romanian Transgaz, Energy Holding of Bulgaria and the Turkish Botas companies, each holding 16.67 percent stake. Construction was to start in 2009, with the pipe entering the operation phase already in 2012. Maximum capacity was conceived at 31 billion cubic meters, which would have accounted for about a quarter of Russian annual natural gas supplies to Europe. Pipeline's feasibility study was funded by the European Commission, which also in 2007, appointed a former Dutch foreign minister Jozias van Aartsen to oversee the project, "giving the pipeline a particularly favoured status" (Orban, 2008: 148). Nabucco pipeline was also supported ardently by the United States.

Since its inception in 2004, plans to start construction on the Nabucco pipeline have been continuously delayed – most currently until at 2013 – because the consortium has no gas supply contracts lined up. At the same time, the costs for the pipeline have increased from the initial 7.9 billion Euros estimate in 2004, to 14 billion Euros, as commodity prices, especially steel, continue to rise.

Russian Gazprom

While the EU represents a rather heterogeneous body with strong variations in energy policy preferences among its member states, Russia, on the other hand, has formed very clear interests and objectives in its highly centralised energy sector, as well as little to none opposition to them. Kremlin has been successful in outlining and institutionalising a straightforward energy agenda, making energy security the most important element of Russia's national security programme (Mankoff, 2009:4). Russia's vast energy reserves – natural gas in particular – have become a dominant pillar of the Russian economy, a key factor behind the country's economic recovery and political stability, and its most effective foreign policy tool.

In contrast to the European energy sector, which is experiencing top-down pressure to liberalise, Russia has chosen “suboptimal state control of natural resources over the frontier capitalism of the 1990s” (van der Meulen, 2009: 833). Immediately after Vladimir Putin became the President, the State acquired over 51 percent of Gazprom's shares, while a share offer to increase capital allowed for the involvement of new owners, which had an effect of “breaking the security ring built by managers appointed during the Yeltsin period” (Stern, 2005: 176). However, Russia's gas sector is nonetheless almost entirely dominated by state-controlled giant Gazprom, which enjoys a near monopoly control over the production, transport, distribution and export of natural gas. Although today, liberalisation tendencies are evident in the domestic natural gas market – with increased market share allocated to private companies, Novatek in particular – this process applies only to domestic exploration and production activities. Gazprom's monopoly over transportation of Russian gas to foreign customers is not – and in the medium-term is unlikely to be – seriously challenged.

Since the Soviet Union, Russia has considered its energy sector to be of a strategic national importance, crucial for the country's economic and consequently

social and political environments. As a result, Russian federal authorities continue to exercise substantial executive power over the natural gas sector, which was successfully protected from liberalization during the 1990s, largely by Viktor Chernomyrdin. Energy policy is outlined in the Energy Strategy, the most recent one being for the period up to 2030, approved on 27 August, 2009. The strategy sets up an array of aims across four major dimensions: energy security; energy efficiency of domestic economy; economic efficiency of national fuel energy complex (FEC); and ecological security of FEC. Key emphasis is placed on diversification of natural gas production sites and export countries, with a more active role allocated to Russia's Far East and the Chinese and South Asian markets.

The internal structure of the Russian energy sector makes Gazprom and the Russian state difficult trade partners due to the large black box of its policymaking. In particular, the sector suffers from a weak institutionalisation of the decision-making process, the multiplicity of involved actors – many with multiple roles and conflicting interests – and the lack of transparency (Saunders, 2008: 3). The decision-making among Russian energy policymakers has been and continues to be highly informal, with many key decisions agreed on after discussions among small groups outside official channels. For example, the deal ultimately reached between Gazprom and the Ukrainian firm Naftohaz in 2006 – channelling gas sales through a highly obscure firm RosUkrEnergo (cut out of the February 2008 Russian-Ukrainian gas deal) – was agreed on behind closed walls under the participation of a small number of lay actors (Saunders, 2008: 5). This deal ultimately had an effect of complicating financial flows and created lucrative opportunities for individual enrichment.

Although Gazprom is widely perceived as a difficult business partner, it nonetheless has a prominent role on the European energy market. Albeit the reliance on

Russian natural gas varies among the European Union's member states, Gazprom is a crucial part of Europe's energy mix. The production of gas within the EU peaked in 1996, then followed a production plateau and in 2004, production entered a state of decline (IEA, 2008). Faced with waning domestic gas reserves, the EU Commission agrees that the 27 Member States need Russian gas and will need it in the foreseeable future (IEA, 2007; van der Meulen, 2009: 834). European gas demand will increase from current 540 bcm to around 800 bcm in 2030, making Europe the largest gas market in the world (IEA (2006). World Energy Outlook 2006, IEA, Paris).

Under these conditions, Russian Gazprom proposed the South Stream pipeline, which is considered to be a counter work and in response to Nabucco (Erdogu, 2010: 2941). The project is a joint venture by Gazprom and the Italian energy company ENI, with the memorandum of understanding on the construction of South Stream signed in June 2007. The pipeline will connect the Russian upstream gas station Beregovaya, located on the Black Sea coast, with Varna in Bulgaria, passing through Turkish territorial waters. From Bulgaria, the pipeline will continue onwards in two directions: southwards through Greece to Italy; and northwards via Serbia to Hungary and Austria. Projected to cost around 15 billion Euros, the pipeline was to transport a maximum of 63 billion cubic meters of natural gas annually. The gas will come most likely from Yamal reserves, although it is not yet specifically linked to any gas fields.

PLANNED SOUTH STREAM AND NABUCCO GAS PIPELINES



1Source: BBC News, 14 November 2009

Methodology

Through public relations activities, specific narratives are constructed around Nabucco and South Stream projects. This costly endeavour is necessary for both, the European Union and Russian Federation as created narratives camouflage their core political priorities, such as sustained economic growth, domestic unity, prestige and international power leverage. Critical discourse analysis (CDA) enables us to study this process in detail.

CDA is used to examine documentary evidence to understand the discursive competition between Nabucco and South Stream pipelines over legitimate domination of the European discourse on energy security, and hence, to guarantee their right to survival. An expanded Fairclough's three-dimensional model of text, discursive practice and social practice will be used to study the relationship between narratives and their intended effect on policy.

On the primary textual level, I analyse communication activities of the Nabucco Consortium and South Stream and provide an overview of main texts issued by each

project to understand how they utilise language to gain dominance over European discursive space and how constructed narratives camouflage state actors' core priorities, such as economic growth, domestic unity, prestige and international power leverage. On the second level, I study how these narratives are legitimised and reflected in the European discursive space and what meaning they acquire. Because the discursive space consists of all texts within a society – from official speech, to movies, word-or-mouth, art and other forms of verbal and nonverbal communication – there is a clear methodological difficulty applicable to all discourse studies, as it is clearly impossible to conduct a comprehensive analysis of the discursive space. Nonetheless, as has been noted earlier, unlike domestic issues that allow discursive space to form through media as well as word-of-mouth, discursive spaces regarding foreign events depend largely on media messages. In public diplomacy the media is the most powerful tool in constructing and shaping public discourse, and therefore, for the purposes of this paper, mainstream European media is taken to signify the dominant narratives in European discursive space.

On the third level, I analyse how this meaning affects the perceived reality in regard to European energy security and what practical implications this carries for policy formulation and business operations of state and private oil and gas entities. Finally, I expand the Fairclough's framework to include a fourth level of analysis – pertinent to this paper – to study how the produced texts and subsequent discursive spaces compare to 'objective' reality of technical and financial specifications of each pipeline. This allows us to assess the ability of Nabucco and South Stream to meet the expectations attached to their constructed meaning and to enhance energy security of the European member states. This last phase is intended to demonstrate the high discursive

nature of legitimisation, which often exhibits serious divergences with ‘objective’ reality. Figure 1 provides an illustration of this methodological framework.

For the textual analysis stage, I will look at messages issued by each actor – i.e. the press releases and official statements produced by the Nabucco Consortium and Gazprom, as well as the state organisations backing these entities – to analyse communication activities of these competing projects. A total of twenty-nine official texts will constitute the main source of empirical data. The statements have been intentionally chosen to be the most indicative of the legitimisation attempts of each side. This is determined along three lines. First, these texts are of heightened importance or symbolism to each project (for example, the Memorandum of Understanding), making them key to understanding each project. Secondly, these texts have been widely reflected in mass media, making them more likely to influence the discursive space. And thirdly, these texts deal with the perceived threat to European energy security, making them directly relevant to the research questions of the paper.

It is acknowledged that this approach has important methodological drawbacks and it cannot be regarded as statistically accurate from a formal point of view (as opposed to conducting random sampling). This method nonetheless allows for conducting a thorough analysis of the most critical pieces of texts, which is of greater significance for the research objective of this paper than a brief overview of larger amounts of texts. Although materials presented in this paper will focus on messages that are relevant to the research questions, this should not lead to an assumption that *all* communication activities by the Nabucco or South Stream projects are driven by legitimisation needs.

Next, I will analyse how these messages are reflected in mass media, to answer the question of how they are incorporated into the existing discursive space and how

they simultaneously contribute to its development. A total of nineteen English-language newspaper reports have been chosen on the basis that they appear in publications that are widely disseminated and read around Europe, and that they report specifically on the developments of the two projects. While this does not constitute a statistically-correct method of identifying the media response to Nabucco and South Stream, it nonetheless allows for a high degree in interpretation accuracy, since representations of these projects in the few most dominant mainstream media sources have the greatest influence over the public discourse.

All of the studied texts have been produced in different periods of time, roughly correlating with significant milestones to the development of Nabucco and South Stream projects. Because securitisation is a dynamic, socially-constructed process, by association, legitimisation of responses to the security problem is similarly a process that responds to many dimensions of its external context. Therefore, an analysis of texts within a fixed point in time would lead only to a determination of the level of securitisation at that specific time period. To study the legitimisation moves themselves, which would determine the elements of the legitimisation process, one must analyse texts from different periods of time, as has been done in this paper.

Nabucco texts

The Nabucco project is currently the only ground breaking economic initiative for the greater diversity of gas sources and transportation routes and enhanced competition in Europe. No other project in the Southern Corridor can claim to compete on this basis nor is as advanced and well positioned as Nabucco.

In June 2010, when a PR agency Grayling has been selected to manage a PR and public affairs brief for the Nabucco Consortium, the company's managing director openly commented that he expects "to be up against Gazprom's campaigns for South Stream and Nord Stream" (PR Week, 2010). While Grayling was initially contracted by the Consortium, it works jointly between Nabucco's private stakeholders and Brussels, demonstrating the close linkage between the pipeline's economic and political dimensions. In accordance to the standard PR practice, the Consortium and Brussels establish campaign objectives; Grayling designs strategies, tactics and main messages; and the Consortium and Brussels' leaders function as main visible actors of the campaign execution.

A strong international lobby group consisting on many Central and East European political and energy sector leaders, as well as some key national natural gas companies, exists to promote the Nabucco pipeline. Regardless of the serious divergences among opinions of European member states – ranging from relative indifference from Western European states such as Spain and Portugal, to active promotion by states such as Romania and Poland – toward the Nabucco project, the pipeline is a pan-European project enjoying full-fledged support from the European Commission, which heralds it as the "flag project of the diversification efforts of the EU for our security of supply" (former Energy Commissioner Andris Piebalgs, 2008).

The mouthpiece for this lobby is the European Commission, which acts as an aggregate and mediator of the various interests in the Nabucco project. Representative of this was the gaffe of the EU Energy Commissioner Günter Oettinger, who first

⁵ Eastern Approaches Blog (2010). My pipe or yours. *The Economist*, 13 July 2010. Available at <http://www.economist.com/blogs/easternapproaches/2010/07/pipelines>.

mentioned that Nabucco's construction timetable will be delayed until 2018, but under the pressure of pro-Nabucco lobby, the next day quickly issued a contradicting statement that the timeline has not changed and the project will be completed in 2014 as planned (EurActiv, 2010a). Therefore, regardless of the national and individual variations in attitudes toward Nabucco, the European Commission diligently adheres to the project and hence, for the purposes of this paper, is considered to be the primary actor behind Nabucco construction. The second relevant actor is identified as the "Nabucco Consortium" to define the private enterprises that are the primary financial stakeholders in the project.

Together, these actors are interested in strengthening support for the project among relevant European publics. To achieve this, they must claim that their product is a legitimate answer to the existing energy security issue. Analysis of primary documents issued by Nabucco actors suggests that the project attempts to legitimately dominate European discursive space according to four characteristics: the pipeline's ability to contract new supply sources; the high demand for its capacity; greater construction feasibility; and its symbolic function as a prestige project of the European Union. Private enterprises that form the Nabucco Consortium emphasise the former three points from a more technical standpoint; European Commission primarily focuses on the political aspects of the latter two dimensions.

The Nabucco Consortium presents Nabucco as "one of Europe's most important energy infrastructure projects to strengthen Europe's security of supply for natural gas" (Nabucco Consortium, 2008). Its main competitive advantage lies in its ability to diversify not only transit routes (as can also be achieved by South Stream), but also to expand supply sources, making it a so-called "multi-sourcing project" (Nabucco Consortium, 2010a). Nabucco's 'new gas' is expected to reduce European dependency

on the politically risky Russian supplies and the diminishing fields of domestic production. This narrative fits very well with the existing dominant discursive space in Europe, which perceives security of physical transit routes and continuous availability of supplies to be the main security issues at stake (European Commission, 2006).

Underlying these political messages is a core European priority of an economic nature – diversification of gas transit routes would introduce competition to the transportation system in Eastern Europe, which ultimately would challenge Gazprom’s dominance of the Eastern European natural gas market and hence, lower end prices. This purely economic priority, however, does appear in Nabucco’s texts. Instead, it is camouflaged with the more ambiguous narrative of energy security.

A key task behind Nabucco presentation is to illustrate that the project is economically in demand and that it is “driven by the needs of its customers” (Nabucco Consortium, 2011). Hence, the Consortium widely disseminates texts that highlight “huge demand for Nabucco capacities,” which are intended to legitimise the rising costs of the project (Nabucco Consortium, 2008). In various interviews and statements, Nabucco leaders – Managing Director Reinhard Mitschek in particular – voice their conviction that new infrastructure projects for Europe will be necessary to meet the rising energy demands (Mitschek, 2010). To achieve this, emphasis is given to the “strong growing gas market” in the EU, which requires Nabucco capacities to meet the rising demand (Piebalgs, 2007).

Following the identification of the most critical reasons for construction of Nabucco, actors also focus on providing discursive evidence of the pipeline’s practical feasibility and most importantly - *greater* feasibility than that of South Stream. Similarly to the discourse behind South Stream, every minor development in regard to Nabucco is hailed as an important progress. The following statement by Former Energy

Commissioner Andris Piebalgs, which highlights the many steps that have been *already* taken, is one of many examples:

“...the European Council has *already* agreed the objective of diversifying our gas suppliers and, most importantly, our supply routes. We have *already*, for example, appointed a European Co-ordinator for the Nabucco project. This has *already* shown useful results. The next Strategic Review will determine which additional measures need to be taken to further catalyse such projects that are clearly in the EU's interest” (Piebalgs, 2008; italics added).

From its side, the Consortium does not miss a chance to discuss every progress made by Nabucco partners:

“The Nabucco project has made significant progress this year with the start of the Environmental & Social Impact Assessment; the signing of a mandate letter with the EBRD, EIB and IFC; the start of the front-end engineering design of the two feeder lines in Turkey; as well as the first pre-qualification process for long lead items. All these elements are crucial in the development of the pipeline and serve to show that *Nabucco is the most advanced project in the Southern Corridor*” (Nabucco Consortium, 2010b; italics added).

Texts from the Nabucco Consortium and the European Commission construct a narrative that highlights every achievement as an “important milestone” and demonstrates the determination and support among all Nabucco stakeholders to complete the project (Nabucco Consortium, 2010b).

This determination is explained by the last narrative behind Nabucco, namely its identification as foremost a “prestige project,” as identified by Energy Commissioner

Günter Oettinger (*Sueddeutsche Zeitung*, 2010). The Commission supports Nabucco, because it is a “truly European project” and a “symbol” of partnerships with new supply countries (Barroso, 2009; Oettinger, 2011). Hence, Nabucco is endowed with exceptional characteristics: unprecedented unity and commitment among European states, suggesting that this narrative attempts to gain domination through charismatic legitimation.

Additionally, the reference to Nabucco as a ‘symbol’ implies a larger meaning of the project. Symbols are identified by scholars to “stand for concepts that are too complex to be stated directly in words” and in many cases are employed to promote solidarity within a group (Womack, 2005: 2 and 27). This suggests that Nabucco may be as much about securing external supply sources and transit routes, as it is about enhancing the presentation of internal unity. According to former Energy Commissioner Andris Piebalgs, energy is a “European security issue” and Nabucco is the most adequate and coordinated approach to manage this issue (Piebalgs, 2007). With the myriad of divergences among member states over energy policies, Nabucco is presented as the only project that comprehensively accommodates and represents the interests of new EU members longing for greater political influence. Underlying these claims, is the ongoing endeavour of the European Commission to increase its powers within the European space.

It is also hailed as the only large project that has seen close cooperation between Brussels and Ankara, making it “a powerful illustration of the strategic bonds between Turkey and the European Union” (Barroso, 2009). In fact, successful cooperation with Ankara is acclaimed in many speeches of Commission leaders, suggesting that with Nabucco, the European Union is also seeking to reinforce its economic ties with Turkey to maintain the state – an emerging regional power – as a close ally of the Union.

Gazprom texts

The more people get to know Gazprom, the more comfortable they feel with the brand.

We have to prepare the Gazprom story – and then tell it.

Philip Dewhurst, former head of PR, Gazprom Marketing and Trading, 2007

Our mission is to provide mass media with absolutely objective information on the Russian gas transit in order to shape an actual image among the society.

Alexey Miller, Gazprom Management Committee Chairman, 2009

The continuous growth of energy consumption and consequently, the increase in energy prices make this commodity one of the key leverages for influencing politics on the international arena and a tool for maintaining power and stability domestically. This renders that in any economy, oil and gas companies are tightly linked with the government, while in petro-states – such as Russia – they are so closely integrated with the state that the two are sometimes indistinguishable (Poussenkova, 2010: 103). Therefore, public relations activities of energy companies on the international arena can be said to constitute public relations activities of the state itself, especially concerning petro-states.

Kremlin and companies identified with it have long suffered from negative reputations in the West and predictably, have lost many of the public relations battles. To rectify the problem, in 2007, Russia has contracted private PR firms in a desperate – and well-funded – drive to improve its image. For example, in March 2007, it hired consultancy Gavin Anderson to “improve understanding of Gazprom’s basic business

strategies” and to “strengthen the trust of investors in Gazprom” (Daly, 2010). In January and February 2007, another PR company Ketchum was tasked with a series of public relations objectives to improve Gazprom’s image abroad, with special attention to the company’s potential to promote European energy security. In particular, the companies’ responsibilities included arranging interviews for Gazprom officials with foreign media, constructing messages, developing fact sheets and background reports for distribution.

With the effort in place since 2007, there is indication that Ketchum’s strategically organised communication efforts have been somewhat effective in improving Gazprom’s image in main events. For example, following Ketchum’s recommendations, during the 2009 gas crisis with Ukraine, Gazprom has maintained an on-line media presence, by regularly organising press briefings to report on its side of the unfolding crisis (see Gazprom news for January 2009; PR Week, 2009a). Indeed, European frustration since then has turned more to blame the Ukrainian side – a change that highlights the effectiveness of Gazprom’s increased transparency and communication tactics.

Since 2007, Gazprom has successfully embraced the best Western PR techniques, ranging from the traditional interviews with world’s leading media, to developing English-language Twitter and Facebook accounts, to sponsoring a European yachting project and a German football team. In fact, Russia is said to be spending ‘phenomenal’ amounts on PR in the West (PR Week, 2009a) – with Ketchum, GPlus Europe and Gavin Anderson agencies (all part of the Omnicom group) contracted by Kremlin and Gazprom.

With the support of professionals, today the communication from Gazprom and Kremlin regarding South Stream is remarkably consistent, strategic and goal oriented

and similarly to the mission of Nabucco, South Stream is tactically presented as a project “aimed at strengthening the European energy security” (Gazprom, 2007). Gazprom insists that South Stream is a “European project intrinsically and spiritually” and therefore legitimately deserves space within the European discourse on energy security (Gazprom, 2009f). Analysis of texts produced by relevant actors demonstrates four identifiable communication goals: route diversification; higher demand for its capacity; greater construction feasibility; and supplier generosity and resource abundance. These narratives are intended to camouflage Kremlin’s core government priorities of economic stability, by maintaining high gas prices for European consumers under long-term contracts, and of political leverage in the near abroad, by threatening Ukraine’s monopoly over gas transit.

In its narrative, South Stream attaches foremost priority to diversification of export routes to Europe, which – it argues – “corresponds with the European Union strategy” (Miller, 2011). However, unlike Nabucco, which seeks diversification without further specification, South Stream clearly identifies *why* its offer of route diversification is crucial: in order to avoid “critical” countries – Ukraine in particular (Gazprom, 2009a). In fact, throughout Gazprom’s discourse, the issue of gas transit through Ukraine is securitised, especially during the winter months and coinciding with the gas disputes, with the Ukrainian administration under the presidency of Viktor Yushenko presented as a threat to European energy security. The very visible crisis communication campaign of Gazprom during the 2009 gas dispute with Ukraine is the prime example of Gazprom’s securitisation technique, which seeks to present Ukraine as a deliberate transit risk, with Ukrainian authorities “refusing” to abide the contractual and legal requirements, as opposed to Russian unquestionable and transparent adherence. Hence, Russia insists that “Ukrainian side openly admits it is stealing gas

and has no shame about it” (Kupriyanov, 2009). Gazprom insisted that Ukraine “refused to transport Russian gas to Europe” and issued a myriad of press releases supporting this suggested interpretation frame:

Prime ministers of Bulgaria, Slovakia and Moldova see for themselves that Ukraine blocks gas transit to Europe (Gazprom, 2009b);

Reports by international monitors confirm Ukraine has blocked transit of Russian gas (Gazprom, 2009c); or

Ukraine again refuses to secure Russian gas transit to Europe (Gazprom, 2009d).

In line with the Kremlin’s general foreign policy approach, which attaches great weight to the legality of actions, Gazprom securitises transit of gas through Ukraine on the basis that the former violates international laws and does not meet its contractual obligations, for example:

“In violation of the international law, since the beginning of 2009, Ukraine has been siphoning off the natural gas intended for European consumers....It’s obvious that such an irresponsible attitude is unlikely to be aimed at meeting transit obligations and ensuring energy security in Europe” (Gazprom, 2009e; italics added).

Gazprom’s policy of involving independent monitors, contacting the European Commission and publicising contracts is intended to increase publicity of this discourse and facilitate its naturalisation. Overall, in its attempt to demonstrate and assure that socially-accepted legal norms are implemented and observed in every aspect of its operations, Gazprom attempts to gain dominance through Weber’s legal-rational legitimation approach.

Ultimately, Gazprom presents Ukraine as a significant transit threat that deliberately prevents Russia in “continuing to fulfil its duty” of delivering gas supplies to Europe. This securitisation consequently allows the company to legitimately argue that these conditions demand a diversification of transit routes (specifically meaning, circumventing Ukraine), and this quality makes South Stream an absolute priority, as this pipeline “will serve as a guarantee of security and flexibility of Russian natural gas supplies to European markets” (Gazprom, 2010b).

Underlying this narrative, is the Russian endeavour to exert political influence over Ukraine – arguably, Russia’s most important state in its near abroad. Ukraine, which annually transits about 100 billion cubic meters of Russian gas to European countries, is set to suffer financial and political losses, if Russia’s dependence on the Ukrainian transit system is reduced. The possibility of Gazprom decreasing significantly transit through Ukraine functions as a strong political leverage that could be used to wield political accessions.

The second issue presented by the South Stream narrative is that in comparison to Nabucco, South Stream enjoys higher demand for its capacity. Similarly to the message of Nabucco, Gazprom argues that “upward gas demand trend will continue in the long run” and therefore, South Stream provides a real opportunity to “overcome the lack of energy carriers and maintain energy security in Europe” (Gazprom, 2010a). However, analysis shows that Gazprom, unlike Nabucco, does not focus as much on projected market growth, which it treats as a given, but rather contends that the demand for South Stream is driven by the projects ability to reduce transit risks by avoiding transit capacity losses in Ukraine (Gazprom 2009f). For South Stream, the question is not whether demand exists, but rather how can the project’s potential capacity meet the existing demand without serious hindrances. “That’s what this is about: to reduce transit

risks to the lowest possible or eliminate them entirely” (Putin, 2010b). Hence, the capacity of South Stream is necessary in order to minimise capacity losses in securitised transit countries and “fully guarantee unbroken supplies.”

With the above security issues in mind, Gazprom contends that South Stream in contrast to Nabucco has greater construction feasibility. The communication campaign of Gazprom attaches significant emphasis to the “*real*” steps of South Stream towards provision of energy security in Europe (Medvedev quoted in Gazprom, 2007). Similarly, South Stream is presented to “provide one of the few *real* opportunities” to offset the decline in indigenous gas production in Europe (Gazprom, 2010a). Each Memorandum of Understanding, each agreement, virtually every signed document and all feasibility studies are presented as proof of the pipeline’s actual practical implementation and evidence of “a sophisticated understanding” and “dedication to execution” among Gazprom and its partners (Gazprom, 2010b). Extensive details regarding design, exploration work, construction operations and approvals are widely available online and often appear in press releases and official statements (see for example Gazprom, 2010a, 2011a; Putin, 2010b).

South Stream’s *real* developments are contrasted to the uncertain fate of Nabucco. In particular, Russia consistently questions whether there are “resources with which to fill the [Nabucco] pipeline” (Putin, 2010a). It commonly stresses the following message:

“...the issue of the feedstock supply to the South Stream has never been a subject of debate, since Gazprom has an immense resource base and invests heavily in the development of new fields, while the resources are still not enough to fill the Nabucco” (Gazprom, 2011b).

Finally, Gazprom's narrative hails the company's and the country's supplier generosity and resource abundance. It presents its immense and long-term resource base as a critical competitive advantage and insists that with its "unparalleled gas reserves" it can meet the demand "practically of all our customers in Europe for the next hundred years" as it has responsibly done in the past, rendering it unnecessary for Europe to seek independence from Russian supplies (Putin, 2010a). Russia's 'generosity' is also highlighted by recurring messages regarding the fact that "the cost of Russian natural gas makes up only a third to a half of the consumer price, [while] local taxes and intermediary profit account for the rest" (Putin, 2010b). According to this narrative, Gazprom is and has been supplying generously Europeans with Russian natural gas, with any instances of broken supplies or high prices attributed to various third parties, but never to Russia. Hence, there is no need to build expensive projects seeking scarce resources elsewhere – or in the words of Putin (2010a), "if it ain't broke, don't fix it." Instead of substituting the supplier, Russia suggests fixing the real problems, i.e. Ukrainian transit and European energy regulations.

This narrative of supplier generosity and resources abundance camouflages a key priority for Gazprom and the Russian Federation – the maintenance of long-term contracts and high prices for European consumers. Gazprom is responsible for approximately ten percent of the national GDP, while the sales of raw materials to the EU provide most of Russia's foreign currency and contribute to over 40% of the Russian federal budget (EurActive, 2005). Until recently, Gazprom reportedly operated at a loss on the domestic market due to the dual-pricing policy that keeps domestic prices at a low level to stimulate industrial activity, while the majority of Gazprom's profits came from the much higher European gas prices. Even if the company is successful in expanding its customer base in Asia, the markets in the East will not be

able to match the high prices paid by the Europeans. Therefore, while Russia does in fact have plenty of gas to sell, its foremost priority is to ensure long-term high prices for this commodity in order to fund investment projects for energy exploration and extraction and to maintain political and economic stability domestically.

Narrative interaction

The crucial element of the four discursive goals of South Stream and Nabucco is their interaction – messages are significantly more important in their juxtaposition, while independently they carry considerably less meaning. For example, it is rather uncommon for energy projects to persistently seek to demonstrate evidence of their construction feasibility and this information is usually perceived to be too technical and hence irrelevant for the general public. Even the much more technically difficult Langede and Baku-Tbilisi-Ceyhan pipelines have not extensively engaged themselves with such communication. But within the competition framework – in which the discourses of Nabucco and South Stream function – these messages are consistently primed, so that construction feasibility of both projects has remarkably entered widespread circulation and this issue acquired a whole new level of meaning.

For this reason, communication objectives of the two projects must be considered in relation to one another (see figure 2). Both Nabucco and South Stream aim to demonstrate that their product enjoys higher demand and is more feasible than the other. Nabucco also contends that it will diversify routes *and* expand supply sources, which will exponentially benefit European energy security. In response, South Stream presents itself as a product that can offer an abundance of necessary resources – and

hence eliminates the need for Nabucco to search for new sources – and that Russia is a generous supplier. In response to this, Nabucco positions itself as a symbol and a prestige project embodying the aggregate interest of the entire European Union in diminishing its reliance on Russian gas imports, no matter how many of them Gazprom can provide. Here, South Stream actors usually retort: “If it ain’t broke, don’t fix it” and question the necessity of reducing this dependence (Putin, 2010a). Additionally, Nabucco’s symbolic status is also met with Gazprom’s doubt over its practical construction feasibility and emphasis on South Stream’s greater feasibility.

Figure 1: Interaction of main discursive messages of Nabucco and South Stream

Nabucco Narrative <i>(camouflaged core state priority)</i>	Competition/reaction direction	South Stream Narrative <i>(camouflaged core state priority)</i>
Higher demand for its capacity	↔	Higher demand for its capacity
Greater construction feasibility	↔	Greater construction feasibility
Route diversification and expansion of supply sources <i>(reduced gas prices)</i>	↔ ↗ ↘	Supplier generosity and resource abundance <i>(long-term contracts and high prices)</i>
Symbol and prestige <i>(increased political power of Brussels; maintenance of close links with emerging power, Turkey)</i>	↙ ↘	Route diversification <i>(political leverage over transit states, Ukraine in particular)</i>

Discursive space – media analysis

Harbouring various institutional biases, the mass media in order to appeal to and secure an audience exhibit a strong tendency to downplay the procedural and methodological components of research and concentrate only on the most substantive and ‘interesting’ conclusions. Simply put, “editors love drama” (Sloan and Mackay,

2002: 145). The issue of Nabucco and South Stream construction similarly became dramatised: the mainstream media outlets most prominent for the European public have chosen the “competition discourse” to dominate the narrative around these projects. This narrative gives prominence to a juxtaposition of technical, financial and political dimensions of each project, with particular focus on the competition for greater construction feasibility. Ultimately, this dichotomy has caused both projects to develop meaning beyond their immediate reality to signify a geopolitical confrontation between a victimised “Us” and the aggressive offensive of the “Other,” the outcome of which is seen as critical to the long-term security, values and prestige of the European Union.

Until 2006, media coverage of Nabucco is relatively scarce, with most reports until then focusing on the pipeline’s potential to reduce EU’s dependency on Russian energy supplies (EurActiv, 2006). However, already in 2004, the coverage of Nabucco gradually became more politicised – the process coinciding with increase in natural gas prices and Gazprom’s gas disputes with its neighbours. As a result, by 2006, Nabucco was most prominently covered in reports about Gazprom’s “gas wars” and Kremlin’s “muscle flexing.” For example, the first mention of Nabucco in *The International Herald Tribune* (2006) was in a story about Europe’s fears that Gazprom “could trigger a new gas dispute or even an economic crisis in [Bulgaria,] a country heavily dependent on Russian energy resources.” Hence, prior to the introduction of South Stream, the Nabucco pipeline *per se* is constructed to represent a protective instrument to guard European states from the dangers of their reliance on Gazprom.

However, because the meaning of “Us” becomes significant only when juxtaposed to the presentation of the “Other,” the meaning of the European Nabucco was elevated by its relation to Russia’s South Stream. Following the announcement of South Stream, the media has developed a narrative for Nabucco that highlights its strong

support among central and southern European leaders and “accord” among European politicians – a narrative that did not exist prior to 2008 (BBC, 2009a; 2009b). As the mainstream media story goes, new EU member states have exhibited unprecedented levels of unity behind the Nabucco project, which is absolutely critical in overcoming European reliance on Russian gas and resisting Gazprom’s offensive. This interpretation frame prompts greater consolidation of the European “Us” against a very clear “Other.”

In the European discursive space, the pre-existing image of Gazprom is that of an arm of the Kremlin, which is aggressively used as a political weapon. “Gazprom’s ‘aggressive ways and hostility’ tops the agenda of international seminars on energy security” and a number of European Commission energy reforms have been labelled by the media as “anti-Gazprom” (Nemtsov and Milov, 2008: 23). Gazprom’s often aggressive stance has earned the company a distinction of being “the only energy company on the planet with a record of elevating utility disputes to geopolitical event,” and this frame has been zealously latched onto by the Western media (Daly, 2010).

It is therefore not a surprise that within this discourse, reporting on South Stream is hardly benevolent. In fact, the presentation of South Stream when the project was just announced was framed as “new Russian gas pipeline deal cuts through EU unity” (EurActiv, 2007). The media has developed a narrative around South Stream as largely a “political and lobbying project” with four goals: to discourage private investments in Nabucco; to exert pressure on Ukraine by shifting gas to bypass it (seeking to coerce the country to share control of its transit system with Gazprom); to contract Caspian natural gas for Gazprom utilization; and to cut off Central Asian states (Turkmenistan in particular) from accessing pipelines of the EU Southern Corridor (see for example *The Economist*, 2010).

In simpler terms – and more commonly appearing in the media – South Stream’s purpose is to frustrate Nabucco’s hopes (Financial Times, 2011a) and prevent its progress:

“Just as work on the long-stalled project seems set to finally begin, some shift -- usually at the hand of Russian energy giant Gazprom -- alters the commercial landscape and Nabucco's chances appear to recede” (Radio Free Europe, 2009).

As Nabucco pipeline stalled, this explanation is evoked to justify the pipeline’s sluggish progress relative to that of South Stream. Hence, Nabucco is passively victimised, while South Stream is presented as an active and arguably, a much more powerful adversary. Its image is constructed to be that of a rival project demonstrating Gazprom’s unwelcome expansion into the European space, while its strategic communication campaign is commonly labelled as an “all-out offensive on the European energy market” (Radio Free Europe, 2010a, 2010b).

Gazprom’s offensive is perceived to be so powerful, that European countries “surrender” to its pressure (EurActiv, 2010). And it is so determined, that it is hardly stoppable:

“The [North and South Stream] pipeline projects are so critical politically to Russia that neither the global recession, nor the collapse of natural gas prices due to the surge in supplies of US shale gas, have been able to deter Moscow” (Financial Times, 2010a)

This narrative continues with linking Moscow’s determination to traditional geopolitics. As the story goes, because “the rivalry between [South Stream] and Europe’s alternative plan – the Nabucco pipeline – is one of the most intense in the

Caspian Sea region,” Kremlin’s consideration of the use of military force to “destroy the balance of forces close to the borders of the Russian Federation” cannot be excluded (BBC, 2010).

Today, this competition discourse enjoys stable and unchallenged dominance over the European discursive space. Evidence to this is the strong marginalisation of alternative discourses, such as the emerging contradictory narrative that suggests the possibility of a merger between Nabucco and South Stream (EurActiv, 2011). This proposal is not widely covered by the mainstream news outlets, and when such coverage exists, it is always negated by the commentary or direct quotations presented in the article (e.g. Financial Times, 2011). This indicates that the competition discourse is satisfactory for the media and the public – it has achieved significant dominance and suits the preconceptions European public harbours of Gazprom, Russia and the European Union.

In isolation, Nabucco pipeline has been at best presented as an illustration of European hopes – a conception that yet has many difficult questions to resolve before its practical implementation will be possible. But its consistent juxtaposition first to Gazprom’s gas disputes and later to South Stream have significantly politicised and elevated Nabucco’s meaning. Today, it is no longer merely a concept with questionable feasibility, but rather a pan-European common response against the offensive of the determinant “Other.” The coverage of Russia’s “hostile offensive” against Nabucco reinforces European fears about a Russian-led gas cartel and consequently allows the pipeline to acquire a much more political meaning. As a result, the created juxtaposition between Nabucco and Russia works in favour of the Nabucco project, by “persuading its sponsors that despite its acknowledged risks, going ahead with the new pipeline would be better than the alternative of being stuck with their current suppliers” that to a

large degree come from Russia (Erdogu, 2010: 2940). Only due to Russian hostility to Nabucco, the project became seen as indispensable for the European Union.

Comparison to reality

Because the European Union and Russia are natural, close partners in the energy trade, they share most of the risks and benefits of their relationship and are therefore mutually dependent on one another (Dmitriev, 2006). Assuming an economic rationalist perspective, such interdependence to a significant degree predicates security for the suppliers and consumers under the condition that trade is managed by transparent industry regulations and is overseen by bilateral binding agreements (Quiggin, 1997: 9). Although these conditions are difficult to fulfil, nonetheless systematic research into energy security of the whole European Union suggests that “in international comparison, Europe’s supply security is less critical than generally argued” (Neumann, 2007). An abundance of literature, hence, questions the rationality of European securitisation of Russia as a gas supplier.

For the purposes of this paper, however, European energy security fears are taken as a given. Instead, this section focuses on the narrative around Nabucco and South Stream to compare constructed reality against the technical and financial specifications of each project, in order to determine whether the two pipelines can meet the requirements of their constructed meaning.

Demand for capacity

Both Nabucco and South Stream compete for greater perceived demand, positioning themselves as critical to European long-term energy supplies. However, following the economic crisis in late 2008, the European market has been experienced a so-called “gas glut.” Due to marked technological progress in the energy sector, greater convergence of global gas markets, increased usage of alternative energy supplies and declining relevance of contract pricing patterns in continental Europe, economists have voiced an expectation of an oversupply of natural gas to prompt a pronounced buyer’s market in the European gas sector by 2013 (Deutsche Bank, 2010). Under these predictions, investment in high-cost natural gas transportation projects, such as Nabucco and South Stream, became seen as unnecessary. However, in spring 2011, analysts noted that this global natural gas glut is disappearing sooner than expected, largely due to economic recovery and that despite short-term volatility, in 20 years EU will be more dependent on gas imports than it is today (see for example Fowler, 2011). Additionally, the exploitation of shale gas in Europe is at best decades away. Regardless of these limitations, today the European natural gas market is significantly more competitive, which has the effect of reducing the potential for Gazprom’s political leverage and increasing energy security for consumers.

Under these volatile market conditions, economic feasibility of additional high-capacity transportation projects – such as Nabucco or South Stream – appears to be at best exceptionally doubtful. Both projects lack significant economic rationale behind their construction not only due to increased competition, but also because the demand potential of Southern European member states is low, which threatens the profitability of both projects.

Construction feasibility

Similar can be said about Nabucco's and South Stream's competition over construction feasibility. While both projects have serious issues hindering their construction, Nabucco's financial viability is particularly hard hit. Since inception, its total cost has substantially increased from initial 7.9 billion Euros, up to about 14 billion Euros in 2011 (although the Consortium to date refuses to give official estimates), due to increased prices for construction materials and the necessity to expand the pipeline an extra 550 kilometres. With such soaring costs, unless the EU leaders are prepared to fund the pipeline, there is little prospect of involved stakeholders raising enough private capital to financially commit themselves to an economically-uncertain project such as Nabucco (Erdogu, 2010: 2944). With the planned start of construction regularly delayed, there is still no indication when a final investment decision should be expected and who will shoulder the costs.

While South Stream has its funds largely secured, its construction feasibility narrative overlooks a different but equally serious issue for the project: to date, Russia has not been able to secure a deal with Turkey for the usage of its territorial waters. Inability to reach agreement with Ankara even prompted Russian Deputy Prime Minister Igor Sechin to claim that Moscow is considering alternatives to the South Stream pipeline, such as LNG. Although the Ministry of Energy did not confirm these statements, the incident prompts doubts to Russian dedication to the project and ability to carry it out as planned. Similarly to Nabucco, these doubts are not reflected in official narratives.

Route diversification and expansion of supply sources – Nabucco

A key element of Nabucco's constructed narrative is its ability to diversify not only transportation routes, but also energy suppliers. To date, this is also Nabucco's largest shortcoming, as the question of whether the Consortium will be able to secure adequate supply of gas remains. Azerbaijan – the original supplier for Nabucco – does not possess enough quantities of available natural gas. Its Shah Deniz II field – expected to come on-stream only in 2017 – has enough reserves only to supply half of the needed amount. To make matters worse, Russia has signed contracts with most Caspian states to buy significant amounts of their exported gas.

Washington – a key external player in the project – has always seen Turkmenistan as one of Nabucco's main co-suppliers, but a number of obstacles stand in the way of its participation, including the country's existing agreements with Gazprom, its difficult relations with Azerbaijan and territorial disputes around the legal partition of the Caspian Sea. As a result, Turkmenistan appears practically out of reach – if one prefers to avoid the much more political unstable Iran – especially following the apparent abandonment of the Trans-Caspian-Pipeline. The country is also exhibiting heightened focus on trading with China, which significantly decreases its available resources for sale to Nabucco. Northern Iraq also does not have enough available gas to supply Nabucco, but could add to the gas mix. However, the region's high potential for political instability and security risks overshadows the minor benefits of adding Iraq to the supplier list. This leaves only Iran, which has enough gas to supply the Nabucco demand, but only after substantial additional investment into the country's energy infrastructure is made. Nonetheless, the political situation in Iran and the inability of the international community to resolve the country's nuclear program preclude the possibility of buying gas from Iran or transporting it through the country.

Similar insecurity is applicable to Nabucco's proposed route, which poses a significant security problem for the pipeline, as it crosses the inherently instable regions between the south Caspian and eastern Turkey. By bypassing Russia, the pipeline will be constructed in states with known security problems and a poor track record of providing security for their energy transit infrastructure. The frozen conflicts in Georgia and Azerbaijan pose serious security risks, which hold strong potential to become threats within the next decade. But the biggest danger for Nabucco lies in its reliance on Turkey for transit. The country has had a number of attacks on its energy infrastructure. For example, in 2008 and 2009, several attacks by Kurdish separatists seriously damaged gas and oil pipelines in Turkey and northern Iran. But even traditional security issues aside, in the short history of the Nabucco project, Turkey has demonstrated itself as a less-than-reliable partner. Initially, the country sought to link approval for Nabucco to the opening of the energy chapter in its EU accession talks. It then demanded to impose a transit tax and wanted to take 15 percent of supply for its own needs at a discounted price (Erdogu, 2010: 2948).

With these issues, the Nabucco pipeline does not appear poised to enhance European energy security. There is not enough available gas to make Nabucco commercially viable, except under the unlikely condition that the nuclear proliferation conflict with Iran is quickly resolved and the country's underdeveloped northern gas fields are urgently developed (Hubert, 2011). Additionally, Nabucco carries the risk of increasing the bargaining power of its transit states, many of which, such as Turkmenistan, Georgia and Turkey have proven to be unstable, unreliable and risky partners in the past. At best, Nabucco may succeed in reducing the portion of risks relating to Russia; but this reduction will be offset with an increase in risks relating to instability and political objectives of new supplier and transit countries.

Resource abundance – Gazprom

Despite the confident discourse surrounding Russian natural gas reserves South Stream's narrative regarding "resource abundance" is threatened in the short- to medium-terms. One of the big problems is the question of whether Russia will be able to supply adequate amounts of natural gas to meet the large capacity of the pipeline. Gazprom's apparent strategy to expand significantly its transportation capacities both to existing Western customers and to new customers in the Eastern vector is not matched by a corresponding increase in natural gas production in Russia. Within a few years, the slow growth of gas production in existing and new fields of the Nadim Pur Taz (NPT) region will not be enough to compensate the steep decline of production in old supergiant fields. In order for Russia to avoid a production decline and to be able to increase its output of natural gas, it must urgently explore and exploit its large supplies in the difficult terrains of the Yamal Peninsula and the Shtokman field. If the Yamal peninsula is not going to be developed as planned, these longer delays "will make a significant impact on potential exports volumes to the European and CIS markets" (Soderbergh, 2010: 7841). Additionally, the ability of Russia to meet European and CIS demand is threatened by a clear and vast potential for a significant growth of Chinese gas demand, which has been successful in contracting gas supplies from countries traditionally supplying Russia – Turkmenistan, for example.

Symbol and prestige – Nabucco

While Nabucco is hailed as a prestige pan-European project, in reality European member states do not consistently exhibit dedication to the pipeline. The Hungarian Development Bank has agreed to a South Stream Hungary Jrt. joint venture with

Gazprom; Austria has signed a deal to join South Stream; and intergovernmental agreements have been concluded with Bulgaria, Serbia, Greece, Slovenia and Croatia and Austria to implement the onshore gas pipeline section. Gazprom is also currently in talks with another potential South Stream participant – Romania. In March 2011, Gazprom also signed a memorandum with Germany’s BASF, and as of April 2011, talks are ongoing regarding the entry of the French EDF in the shareholding structure of South Stream. These bilateral developments between individual European member states and national private firms significantly undermine Nabucco’s status of a pan-European project illustrating member states’ unity in the energy sector.

Political implications of perceived reality

“Energy and politics are intrinsically interlinked,” and the case of Nabucco and South Stream is yet another evidence of this (Shaffer, 2009: 1). For many countries, including most prominently Russia and the political entity of the European Union, energy is an integrated element of national security and foreign policy. Whereas in the past, the issue of energy security was reserved for the specialised actors, today it “is on the table of every energy minister, as well as foreign, finance and industry ministers across Europe” (Piebalgs, 2006).

The popular discourse of the competition between Nabucco and South Stream is hardly without consequences. The dichotomy between the narratives and reality demonstrates modern preponderance with conventional geopolitical approaches in

issues relating to energy security policy. State actions are perceived through zero-sum game lenses with no opportunities for practical cooperation. The geopolitical competition discourse, surrounding the two pipelines, elevates them above normal politics and justifies policies that in normal circumstances would not be seen legitimate. The presence and popularity of such conservative geopolitical considerations in the energy sector popularises and normalises the application of geopolitical logic to explain the developments in the sector. As a result, Nabucco and South Stream become perceived as purely political projects, which justifies their little economic viability and questionable rational demand.

Through strategic communication campaigns, Nabucco and South Stream pipelines came to signify each side's geopolitical tools in a zero-sum game competition, even though the underlying objective reality does not rationally support this conception. However, at this stage, under the pressure of constructed mainstream discourse, abandoning the project by either side – even for strictly financial and rational economic reasons – would constitute a serious geopolitical loss that is likely to have long-term implications both for domestic public approval and for external relations between the two partners. As such, both projects today are propelled only by the discourse within which they exist; there is nothing else – no true economic incentive under existing market conditions – to continue with either Nabucco or South Stream, besides their discursive competition for domination and prestige.

In reality, there is much less geopolitical substance in the EU-Russia gas relationship as widely perceived. Russia has less leverage power over European customers than the discourse presents. In order for Gazprom to exert credible threat to European energy security, Russia must “dispose of sufficient gas volumes that can be reduced if politically desired” (Goldthau, 2008: 690). Today, this is not the case. In fact,

taking into account Gazprom's investment policies of the last decade, there is serious doubt whether Russia will even be able to meet its basic export commitments. Under these strenuous conditions, the risk of Russia artificially reducing supplies to European customers for political reasons is highly unlikely. Even the gas disputes between Russia and CIS do not necessarily carry the purely political meaning that most publications tend to construct. These contractual disagreements are "less part of a geopolitical game of Kremlin, but rather reveal a quite rational approach of a company that has to compensate for a loss-generating home market" (Goldthau, 2008: 690).

But objective reality often gives way to perceptions that often have the most influence over policy formulation. While in reality, the necessity and viability of both Nabucco and South Stream are seriously questioned, public perception is diametrically opposite from this reality: a recent survey showed, that an overwhelming majority of energy experts and scholars in Central and Eastern Europe (92 percent) view both Nabucco and South Stream as effective projects that offer more security of supply for CEE and SEE region (LaBelle, 2011). Under these conditions, it becomes difficult for either of the two projects to choose a course of action that instead follows economic considerations.

By focusing almost exclusively on the political dimension, both projects suffer serious viability problems. For example, while South Stream has the potential to effectively remove the risks associated with transit disruption through Ukraine, it will provide an extremely costly direct access to a market with a small demand potential. Although the current discourse precludes alternatives to this scenario, in reality, other viable and much more economically rational possibilities exist. It is possible to achieve this transit risk elimination or even partial reduction if only offshore parts of South

Stream were built. However, under the pressure of the current discourse, any such alternative would equate to a geopolitical loss.

Due to the nature of constructed narratives for Nabucco and South Stream, rational economic perspectives are largely absent in mainstream presentation of these projects. Instead, with their preponderance on alleviating social concerns and providing solutions for perceived political and social problems, both Nabucco and South Stream cease to be “businesses” in their traditional sense. While there is a general consensus among global corporations that an increased emphasis of social responsibility and increased attention to social matters is necessary, these steps never venture too far from the financial objectives of the corporations and are largely designed to facilitate a more accepting environment and improve legitimization of the corporation among the public. Increased involvement of businesses in political and social matters is deemed to be not “normal,” as best illustrated by the following comment of a former vice president of the Royal Dutch/Shell Group:

“We found that many rational and intelligent people thought that it was a reasonable proposition that companies such as Shell should mediate to reduce tensions between different levels of government, or that they should take positions on social policy matters. At all times we should remember that Shell is a business. Activities as these are not within the normal, legitimate role of a business. Therefore, we cannot meet such expectations” (quoted in Vercic, 2009: 802).

Herein lies a critical distinction between purely private energy firms and their state-coordinated counterparts, that have to tailor their business operations with state energy policy that is “discursively constructed so as to speak directly to core government priorities, such as economic growth and national security” (Scrase and

Ockwell, 2010: 2231). The example of Nabucco and South Stream illustrates how state-endorsed geopolitical vision supersedes economic and rational market considerations to promote two pipelines, the need and viability for which is at best highly questionable.

Nord Stream vs. Yamal II

While most state-sponsored natural gas projects are systematically presented and interpreted as political constructs, rather than merely engineering projects, clearly not all of them are purely political projects that lack economic incentive. The Nord Stream is a prime example of a state-sponsored project that carries not only political motives, but has strong economic incentives.

The undersea Northern Europe Gas Pipeline (NEGP) – widely known as Nord Stream – is a political project to reduce political risk associated with transit countries, especially of Ukraine and Belarus, but equally to a lesser degree the Baltic states and Poland. More than 90 percent of gas intended to flow through Nord Stream over its lifetime is to be diverted away from existing transit corridors, mainly Ukraine (Chyong, Noel and Reiner, 2010: 19). Similarly to the case with South Stream, the discourse surrounding the project transformed the pipeline from a simple engineering project into a representation of Russia's leverage in Europe.

Similarly to the Nabucco-South Stream competition – albeit less prominently – Nord Stream 'competed' with Yamal II. Nord Stream has been said to be the most expensive transit option for Russian gas, with an estimated price tag of \$10.5 billion compared to the Yamal's \$2.6 billion. Because Yamal II would have passed Poland, it is assumed that it "would have given Western and Central Europe greater political and economic security" (Hashim, 2010: 267). Instead, because the EU agreed to the Nord

Stream, it is perceived that the EU allowed Russia increase its leverage over the German energy policy, which invariably has led to serious consequences for all European member states. Ultimately, the general understating of Nord Stream, as it is presented in the majority of policy literature and mass media, is of a project that obviously lacks economic justification and is therefore purely geopolitical in nature (see for example Holz et al., 2009, and Christie, 2009).

While partially true, these arguments ignore an important point that Nord Stream decreases bargaining powers of highly volatile states, such as Belarus and Ukraine (Hubert and Ikonnikova, 2004: 11). Economic models show that the unit cost of shipping natural gas via Nord Stream is clearly lower than the cost of using the Ukrainian route and is only slightly higher than that of shipments through the Yamal-Europe pipeline (Chyong, Noel and Reiner, 2010). These findings hold true even under a scenario of declining gas demand in Europe. Ultimately, the economic rationale and the main financial benefits behind Nord Stream is the resulting elimination of the transit risks and costs associated with insuring against disruption risks by diversifying transit routes (Hubert, 2011).

In sum, popular discourse in its treatment of natural gas projects often dismisses economic considerations in favour of conventional geopolitical frames. At times, these frames are applicable; but in most cases they are too narrow to accurately describe reality and ultimately lead to faulty assumptions and defective policy decisions.

Conclusion

Discourses – and not reality – shapes, constrains and orients energy policy. The paper shows how Nabucco and South Stream have attained particular narratives that served to legitimise their existence and camouflage governmental priorities underlying

the projects. These narratives have gained exceptional popularity among the media, the experts and the general public, so that the constructed geopolitical discourse today is much stronger than the actual objective specifications of the pipelines and the energy market. As a result, the projects continue to exist and continue to spur policy debates, scholarly analysis and public discussions *only* due to these discourses – and not due to the actual objective importance of either. Additionally, these narratives seriously limit policy choices of both actors, since the only acceptable action course within the conventional zero-sum game competition discourse is to continue the “fight,” until ultimately a winner emerges. Alternative actions will be understood as signs of defeat.

Narratives and discourses enable humans to interpret reality. It is thus in the interest of every politician to attempt to exert influence over them through strategic communication campaigns, as has been done with Nabucco and South Stream. The effectiveness of these campaigns in the case discussed in the paper will certainly prompt increased attention to international public relations in the energy sector in the future. In our post-modern society, politicians will increasingly turn to media in an attempt to influence the perception of reality for domination and legitimisation purposes.

In fact, this future may not be so distant after all. Already in January 2010, Putin’s Press Secretary Dmitry Peskov wrote a disapproving letter to *Washington Post*, in response to the newspaper’s article accusing Moscow of politicising an energy dispute with Belarus. “The so-called ‘dispute’ between Russia and Belarus is in reality an ongoing negotiation between supplier and customer,” argued Peskov, noting that the article “was based on an unwillingness to follow daily news as well as a reliance on false premises and outdated stereotypes.” Peskov concluded that the article’s “ill-considered, politically inflammatory commentary” serves only to further deteriorate

bilateral relations between Russia and Belarus and hamper trade negotiations (Peskov, 2010).

Increased participation of politicians and policy-makers in the discourse formation will have consideration implications, both for the practice and study of social and political sciences. In the decades to come, as conventional natural gas remains a key element of global energy mix, politicians and social scientists alike must increasingly take into account the discursive nature of energy policy.

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