

Energy Geopolitics: The Economic and Social Crisis in Bulgaria

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Bulgaria is facing the wave of the largest mass protests in the last 16 years provoked by price hikes. So the resignation of Boyko Borisov government has been expected. It was this very government and big time players from Washington who made the events unfold this way.

There have been two intertwined events taking place in the country. The electricity has gone up almost twice for ultimate consumers. On October 2 2008 Nancy E. McEldowney United States Ambassador to Bulgaria, sent a secret cable to C. Boyden Gray, then U.S. Ambassador to the EU and a Special Envoy for Eurasian Energy. The cable said, «With few hydrocarbons of its own, Bulgaria relies on Russia for seventy percent of its total energy needs and over ninety percent of its gas». The vulgar imagination of Ambassador made her see «Bulgaria in bed with the muscle bound duo of Gazprom and Lukoil is only partially true — it is a tryst driven less by passion and more by a perceived lack of options».

The copy of cable was sent from Sofia to the U.S. Department of Energy and U.S. Department of Commerce, the National Security Council and the Central Intelligence Agency. She wrote, «With the price of energy at near record highs, Russia's hydrocarbon-generated wealth is increasingly circulating through the Bulgarian economy, making Bulgaria all the more susceptible to Russian leverage. An energy strategy that focuses on renewables and efficiency is one tool Bulgaria can use to put a noticeable dent in negative Russian influence». The Ambassador made the following remarkable revelation, «Though previously a net exporter of electricity, the EU's decision to force closure of blocks 3 and 4 of the communist-era nuclear plant Kozluduy cost the Bulgarian economy over USD 1.4 billion and put a squeeze on Serbia, Macedonia and Greece, who had purchased the bulk of the exports». She recommended to diversify the energy supply sources as a means to fight the energy deficit (that is to curb the Russian supplies) and rely on US technologies offered by Chevron and Westinghouse.

Since then the Bulgarian media launched a campaign against Russian gas suppliers (Gazprom), potential energy pipelines (the Burgas-Alexandroupolis project) and nuclear facilities (the Belene nuclear plant that was to be built by Russia's state energy company Rosatom).

In February 2012 some Bulgarian mass media spread the information supposedly about the using of ... uncertified steel at manufacturing of high pressure heaters for units No.5 and No.6 of Kozluduy nuclear power plant. Under the agreement for high pressure heaters manufacturing concluded in 2008, Closed Joint-Stock Company ZiO-Podolsk has manufactured and supplied to the Customer (Atomtoploproekt, Bulgaria) 8 devices for

power units of Kozloduy facility. The ZIO – Podolsk is a part of Rosatom – Atomenergomash machine building division.

The slander didn't live long. Valentin Nikolov, Director of Kozloduy NPP, has also confirmed that «during the examination in the institute of Bulgarian Academy of Science the compliance of hardness and chemical composition with 22Ksteel has been proved». The concocted story ended there, but the anti-Russian libel campaign was gaining momentum.

On March 28 2012 the Bulgarian People's Assembly supported the government's decision to abandon the Belene power plant construction plans with 120 «yes» against 41 «no» votes. In autumn 2006 Atomstroyexport was awarded the tender for construction of the Belene 2000 MW plant nuclear power by Bulgarian National Electric Company NEK. Somehow, nobody remembers that those days the European Commission said that Belene complied with the standards of power plants safety in Europe. Moreover, it was one of three best projects that were referred to as examples of Generation III reactors along with in Olkiluoto (Finland) and Flamanville (France). The European Union's experts recommended building reactors with the same level of safety and reliability standards.

Over 30 Bulgarian national companies involved in the project were to operate at full capacity and guarantee employment. The nuclear plant had an advantage of profitability; one kilowatt-hour was one and a half times cheaper in comparison with renewable energy sources, and five and a half times less compared to a kilowatt-hour generated by Bulgarian thermal stations.

What made the government of Boyko Brasov abandon the core energy project? The answer is obvious: the pressure exerted by the United States.

In 2011 the US companies AES and Contour Global acquired two Bulgarian thermal plants Maritsa Iztok 1 and Maritsa Iztok 3 investing accordingly \$1.2 billion and \$230 million into the facilities to make them operate at full capacity. The investments were to pay off. For this purpose the Americans lobbied the contract duration of 15 years. During this period of time the Bulgarians were to pay ever growing prices for the energy produced. The US did its best to avoid competition. Former Bulgarian energy minister said if Belene plant were built there would be no need for the US thermal plants in ten years. To the contrary, the withdrawal from the Belene project guarantees them a stable consumer demand.

Hillary Clinton gave a warm welcome to the Belene abandonment decision that actually meant Bulgaria won't get cheap energy generated by Russian plants. She emphasized the reliability of the United States as a partner. According to her, the oil and gas supplies were to be diversified (read – no Russian exports) and that a number of American firms are well-positioned to help. Still, many Bulgarian energy experts perceived the refusal to build Belene as a threat to national security. Former Minister of Economy and Energy Petar Dimitrov, a member of the Bulgarian Socialist Party (BSP), has come up with a warning that myopic following the outside recommendations didn't meet the national interests. According to him, the country would have to import energy in 15 years. Dimitrov insisted that Bulgarian consumers would pay the price for the «irresponsible decision because the country would face the need to import electricity at tariffs that a majority of Bulgarians would find unbearable». The energy crisis would set in the following dozens of years. Bulgaria was doomed to be a victim of energy dependence and deficit that would diminish the population by one third till 2050. That is by the end of this time the population would be

3.5 million like it was by the end of Turkish yoke that lasted five centuries. Nora Stoichkova, a Bulgarian journalist, revealed the essence of the harmful decision. According to her, Bulgaria pulled out of the Belene project as a result of unprecedented pressure from the United States and the European Union...The US Ambassador to the country did not shy away from making media appearances even more often than the exclusively vigorous Prime – Minister of Bulgaria and outright lobbying of US Chevron and Westinghouse energy giants interests. Kolyo Kolev, director of the Mediana Polling Agency, delicately noticed that many Bulgarians realize the country may lose many economic opportunities following the US geopolitical interests.

The US never stops brainwashing top Bulgarian officials. The rumors go around saying the former US Ambassador to Bulgaria James Warlick was called back because he was not up to par. He didn't defend the US companies interests vigorously enough and let happened what was to be avoided at all costs: the Boyko Borisov government cracked under the public protests pressure for environment protection. In January 2012 Chevron was banned to use fracking on Bulgarian soil.

The shelf drilling program was halted. According to Bulgarian media, Boyko Borisov received a behind the closed doors thrashing from Barack Obama while on a visit to Washington. Bulgarian analysts are sure the Prime Minister decided not to take part in the South Stream ground-breaking ceremony on December 7 last year under the US influence.

Nora Stoichkova is sure the continuation of the Belene project would have prevented the wave of discontent. It was a real opportunity to bring down the costs and provide for cheap energy. She said the nuclear plant was a chance for low price electricity, new working places and industrial progress. As to her, the withdrawal from the Belene project was a great shame before the whole world. Now the investors know only US government friends have a chance to earn money in Bulgaria.

True, the country has a narrow space for maneuver in the field of energy policy. First, the European Union membership makes it obligatory to make 16% of the sector use renewable energy sources by 2020. The prices went up last summer, because the investors were made to function under the conditions of preferences not oriented on market requirements. Second, the 20 years of pro-US policy dictated by some political circles makes the United States the most preferable nation. In comparison with other European Union members, Bulgaria is a poor country (an average wage is €385.5, an average pension is €138), it's not easy to protect the national interests. Perhaps Bulgaria doesn't even realize it has become a country with limited sovereignty as a result of the United States diplomatic pressure...

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