

Russia and Turkey's Gas Deal Can Save Europe and the World?

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

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

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

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

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

The first factor was a constraint placed on the project by the Third Energy Package (TEP), which was passed in the EU in 2009. This was done much after the South Stream project had already been proposed in 2007, and the tentative agreement already inked. This change of conditions after the fact means that Russia has not abrogated any of its commitments, either morally or legally. This is important in terms of Russia's other numerous important trading and strategic partners, both in the region, and in the world. No one will see that Russia pulls the plug on deals it makes.

In fact, Russia showed both good faith and due diligence in all spheres of the South Stream negotiations and construction process. The initial terms of South Stream were made under conditions prior to the latest round of restrictions placed upon Russia, on top of the Third Energy Package. In other considerations, as the project evolved, some elements of the TEP

were interpreted in a way which still made the South Stream a viable project. This means that the signatories to the South Stream tentative agreement cannot be held retroactively accountable for newer restrictions to the execution or workability of said agreement, which were unforeseeable at the time of the deal. As the deal evolved over time, the manner by which the restrictions imposed by TEP were interpreted, also figured into the entire project.

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

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

We are justified in saying this for three main reasons.

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

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

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

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

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

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

Also in this second quote is a statement which runs counter to the actual concept behind the Russian-Turkish gas deal. Indeed it does aim to direct the flow to Europe, and not other regions of the world as such. Recall that the Turkish hub is on the European side, near the Greek border. Russia’s Ambassador to the European Union Vladimir Chizhov was clear when

he said, "The gas pipeline thread may go in any direction from the Turkish hub,". [1]

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

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

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

Additionally, Russia has publically announced a \$40-bn+ gas deal with India, as well as commitment to build nuclear power facilities. Interestingly, India and Russia planned as far back as August, and perhaps April of 2014, to make this announcement in December. This lends credence to the 'strategic nature' hypothesis of Putin's well timed announcement on Turkey. " An announcement on this initiative is expected to be made in December when the two leaders meet at the India-Russia annual summit to be held in New Delhi." [2].

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

Third, as we will explain here in greater detail, this plan removes some of the alternate projects which Bulgaria and the EU thought they could rely on resurrecting, or further developing, in the final event of a Russian pull-out from the South Stream project. Perhaps they had even intended for the Russians to further build in the Black Sea, only to pull the plug at a later phase, and ultimately have their efforts be for nothing, at great expense for Russia.

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

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

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

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

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

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

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

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

Turkey's 'South Stream' and Russian gas

Russia has decided to redirect its 63 billion cubic meter (bcm) pipeline to deliver gas to southern Europe. Instead of constructing the first overland section through Bulgaria, a member of the European Union, the pipeline will instead go through Turkey and onto Greece.



* Exports in 2013 ** Capacity per year

Source: Gazprom, Reuters, EIA, Gas Infrastructure Europe



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

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

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

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

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

Indeed, we can see that with some modification, Russia and Turkey has proposed to combine the Nabucco and South Stream projects. This was actually proposed by Chief Executive Officer of Italian energy company [Eni](#), [Paolo Scaroni](#), the Italian project company involved in South Stream, at an early stage of negotiations. While mainstream reporting gave a number of reasons why this proposal was initially rejected, what we know for certain is that the logistics and workability of such a plan to combine these two projects have been known about for several years [3].

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

The more one looks at this, given the considerable weight which is given to the opinions of Scaroni, the more one must entertain the possibility that this Turkish reversal was in the works from the start. Turkey always seemed to play its role with NATO against Syria, but in retrospect we can see that they did not 'retaliate' as expected when Syrian air defenses shot down the Turkish fighter jet, among other things [4]. They did not move against Syria as robustly as they could have, and they never entirely shut the door on Iran. From the start, they did not freely allow just any mercenary or jihadi passage from Turkey into Syria, and even arrested (and captured caches) those connected to Libya (Belhaj) and Europe, funded by the Saudis and Qataris [5].

Iran was always looking for rapprochement with Turkey. Iran wanted to be part of Nabucco, and made the offer as early as 2009 before the outbreak of hostilities, and now it looks like they will have that opportunity. Indeed Erdogan told a gathering of Nabucco partner countries and regional countries in that same year, which included [Iraq](#) and Georgia: "We desire Iranian gas to be included in Nabucco when conditions allow," [6]

But the US's own special energy envoy Richard Morningstar was clear that Washington would not allow the Iranians to take part. The strangeness of the US opposition may have escaped the average American reader, here. Nabucco in no way involved the US directly, it is not a trans-Atlantic project. This is, at the very most, a question which only ought to be of concern to those countries that will be involved in the production, transport, and consumption of the goods and services provided.

What the US offered instead to Turkey was that it should throw its international reputation into the wind, and facilitate an ultimately failed attempt to make 'regime change' in Syria.

It was always known that the Nabucco plan and the South Stream plan, while pitched as competing plans, really seem to be the same project, pitched differently, involving different

power blocs, but interestingly, some of the same project companies.

In theory, then, nothing will be different for Serbia or the other countries along the pipeline. In fact, this might even work better for Russia in that it now involves Turkey, Greece, and Macedonia as it re-routes to get back on its path which travels north through Serbia, into Hungary, Austria, etc. For the consumer states, price wise, we should not expect a tremendous difference. The discount that Turkey receives from Russia will allow for Turkish profitability with a savings that can be passed onto the consumer states.

This is not just about energy markets, but changing political and military partners.

Serbia, Austria, and Hungary are not only still on board with South Stream, or any other name this rose is called, but Hungary and Serbia have sworn off sanctions on Russia. Hungary has even threatened to leave the EU over South Stream, and has also refused to become entangled again in a problematic IMF loan, now after having paid off its debt. Russia is presently building the facility and military intelligence infrastructure, in what could soon become an actual military installation, in the south of Serbia near Nish. This is also an area where the South Stream, or by any other name, will travel through Serbia.

Serbia has not made significant progress in moving towards the EU. It has still not recognized Kosovo, which is an unofficial condition for EU entry. Other matters such as the above mentioned Russian military intelligence hub, Putin's presence and receiving the highest award at a distinctly Slavic style military parade, have emerged since, which have infuriated EU bureaucrats and NATO chiefs alike.

Thus, Hungary and Serbia, and because of details ironed out with OMV, Austria as well, are still on board with the project. With very minor adjustments, this Russian-Turkish stream will be the same for them as the South Stream. So, Russia's December 1 announcement was not targeted at them. In fact, taken together with the Russian-Turkish Stream, it is a big sigh of relief.

Rather, certain sections of the Bulgarian establishment are the immediate target of this announcement. It is very important to create the all-round sense that Bulgaria can be left out of the equation, if it doesn't do something decisive, and quickly. If these matters were as simple to understand as the official statements made, then most people following the headlines would understand matters as they stand. The truth, however, is more complicated.

In bargaining, to say that a deal is off the table is actually part of the bargaining process. For those already familiar with this point, please forgive that we must belabor it for a moment. This is true all over the world, but is a particularly known bargaining tactic in Eurasia and the Middle-east. It is accurate to include that this tactic is used in the far west, even where business culture tends to be based more on the proclivities and sensitivities of those in the Anglosphere. Nevertheless, Slavs, Arabs, Turks, and Iranians do business differently. Saying that a deal is off the table is neither rude, nor is it a deal breaker. It is also not limited to business, but also informs other spheres of life such as romance and friendships. It is an often critical part of the deal making process. In a way which may seem counter-intuitive to westerners, this actually builds trust.

Concepts and legal norms against things like regressive bargaining still exist, but this is not a case of that. In the face of interesting, new, and creative interpretations of the Third

Energy Package that was forced upon Europe under the influence of a semi-suicidal hypnotic trance, induced by the Trans-Atlantic power structure, Bulgaria reneged on its obligation to go forward with the plan.

And yet, to say that Bulgaria does not want to be included in a pipe-line project is not at all true. Bulgaria still wants the plan, and on their end they insist there can still be one. It was Europe that placed Bulgaria into this situation. It was the EU that has interfered with Bulgaria's electoral process, resulting in the present government.

Putin's announcement was also aimed at the EU, and by extension, the US.

This is about calling Europe's bluff. Europe assumed that it could then change the legal framework of doing energy business with Europe by interpreting the Third Energy Package in new and creative ways, even after its own member states had bent over backwards to meet the already onerous and cumbersome restrictions, derived from the last round of sabotage.

Europe then assumed that it could act with increased hostility to Russia, involving themselves in the training, arming, and equipping of neo-nazis in Ukraine, and staging a coup to frustrate Ukraine's integration into the Eurasian Customs Union. Then Europe assumed that it could then proceed to impose on itself some serious self-inflicted wounds under the title "sanctions on Russia", which have also not been a walk in the park for the Russians. Europe assumed that it could do all of this, and more, and that Russia would be so desperate that in light of all of this, in light of the TEP, Ukraine, sanctions, and more, that Russia would pay forward the costs of developing the project, but let Europe control the physical infrastructures, revenues, and other critical aspects.

Still, it is possible that the deal is off the table for Bulgaria. But no one can say definitively whether it is right now. Sections from the Bulgarian elite are saying there is still a deal. This means that they are doing one of two things. One, they are accurately interpreting this December 1st statement as being serious bargaining language, and are trying to figure out how to reorganize themselves politically, making a 'civilizational' decision regarding Russia vs. the EU in its Atlanticist incarnation, and looking to make a counter-offer. Or, they are unable to meet these demands.

Thus they would be buying time by trying to give false assurances to the tremendous and powerful interests inside of Bulgaria involved in the South Stream project. As well, they would be trying to placate the general populace who supported this, in order to stave off a rapid descent into political chaos.

Alexei Miller blames Bulgaria entirely, plays the role of bad cop, and says that the closing of the project had nothing to do with TEP. This is an important warning to Bulgaria that it needs to move quickly. Putin plays the role of good cop, and allows PR cover for the Bulgarian government, blaming the EU, and giving the Bulgarian government some face-saving wiggle room.

A Russian-Turkish line does not have to exclude Bulgaria. Russia has Bulgaria very concerned, for not only have they been told that the new line will exclude them, but that after it is complete, they will also be cut out of the line that runs from Ukraine. That is a major cause for concern for Bulgaria, one which can force them to make a 'civilizational' decision, one which will determine their alignment for the next number of decades to come,

and beyond. Bulgaria may have been misled into thinking that they could play games. They may have believed that in the event of a South Stream collapse, the Nabucco project could be brought back to life, despite problems with the Shah Deniz energy consortium, and the failure for the Nabucco project to make headway in the Levant, in the wake of serious Turkish, US and Israeli defeats vis-à-vis Syria and Egypt.

People are wondering why Europe is making such a huge mistake with the way they are interpreting and enforcing the TEP. Yes, it can be said that Europe made a mistake here. Or, it can be said that Europe intentionally sabotaged this, and in so doing, sabotaged its own economy. This latter case is almost understandable with an understanding of the considerable pressure which the US exerts on Europe. The latter case makes more sense.

There are several critical factors facing Europe. We can look at a few of them.

One critical factor which is often ignored by analysts looking at the 'Triangle' of Atlanticist Europe, Eurasia, and the 'Near East' (the Balkans, Turkey, and Arab World) is that this is actually a 'Square'. Europe is being threatened by the US that it will lose access to Latin America.

One point worth mentioning here is that the US has said that the age of the "Monroe Doctrine" is over. Of course, this statement was aimed at Russia regarding Georgia, but in a different way also at Europe. Today European investment in Latin America - considered in the 19th century to be within the US's realm of influence by the Monroe Doctrine - is not insignificant. Formal institutions, aimed at coordination, like the Inter-American Development Bank (IDB) and the Latin American Investment Facility (LAIF) represent but a tip of the iceberg in this regard. There is also increasing investment from Latin American countries and firms into Europe. All countries in Western Europe are tied to investments in Latin America. The US tries to project to Europe that it has the capacity to effect coups or transitions of power in Latin America. It shows it can do this through its traditional means of the military coup, or new methods such as the Color Revolution and Arab Spring tactic.

Both of these methods have failed to effect change in the so-called 'Pink Tide' countries in Latin America. But a statistically improbably number of Pink Tide leaders either have cancer, or in the case of Chavez, have already died of it. Of course the US still does business with Pink Tide countries. But those terms are not as lucrative as they would be if those governments were mere puppets. A portion of US trade with Latin America is done through proxies in Europe, or through MNC's and TNC's whose governing boards are comprised of both US and European nationals.

The European elite are divided. Those who follow US dictates are tied to US interests in numerous ways.

Others in this lot are heavily invested in Latin America, and have not been convinced that the Russians or Chinese can protect these European investments from the US, in the event of a US initiated change of government in most Latin American countries, as in, signifying a return to the Monroe Doctrine. On the other hand are those in Europe who are more connected to Eurasia. Right now they are both upset, and weakened. Perhaps the window of opportunity for them to effect a concerted effort to change the present course has passed. Perhaps it has not.

There is also another critical factor which revolves around other gas deals that had been in

the works.

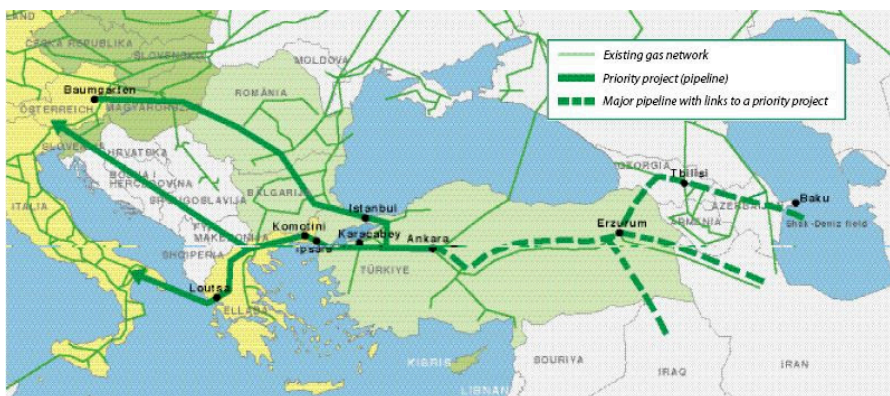
Indeed there is still yet another rational explanation, however, to Europe's otherwise blundering arrogance. Europe, like Bulgaria, was also thinking that it had options, which the Russian-Turkish deal actually makes an end-run around.

The US was also excited about this, and it related to its efforts in the Middle-East. This was the so-called Southern Corridor plan, a part of Nabucco.

So, this partly explains the extraordinary efforts that the US has engaged in to overthrow the government of Syria. Syria was the best choice to host a branch for Egyptian and Israeli liquefied natural gas into the Nabucco pipeline network.

The Nabucco line was to be a Turkish project, but on the European side involved a number of the same firms that would later go over to the South Stream project. The Nabucco line also involved a number of the same countries as well. Critically; Bulgaria, Hungary and Austria.

The South Stream was different in its starting point, and its trans-Pontic route. Instead of Romania, it favored Serbia. Other than this, they were very similar projects. Because they involved many of the same project companies on the European side, and promised to deliver similar volumes, the final decision to go with South Stream was a product of Russian success in the realms of diplomacy and related areas of intrigue.



Additionally, the Nabucco project did not have the assurances on the eastern end, and would also have been a project that involved a number of companies and interests before arriving in Europe. This also increased the cost. Thus, the ease of doing business, and the superior form of coordination that comes from dealing with a single state-owned company, such as Gazprom, was another important factor. Keeping various and even conflicting multiple project companies all together, for ten years on a project that had not even broken ground, as was the case with Nabucco, was a lot like herding cats.

However, the Nabucco line was to get a good portion of its gas from the Azeri controlled Caspian offshore, a project under the control of the Shah Deniz energy consortium which works closely with BP. This was to rely on support from Azerbaijan, passing through it, and as well possibly Georgia, and then into Turkey.

For a number of reasons, which Nabucco was nixed when the Shah Deniz consortium decided to handle the project differently. Then it was resurrected with a different route. The background to this issue involves matters out of the scope of this report, but revolves around the complicated relationships between Russia and the post-Soviet states in the

Caucases, and the manner by which the latter have also made relationships with Turkey, within the context of constant meddling from the US and EU.

To state it clearly, time-frames notwithstanding, there were three projects. The South Stream, the Nabucco, and the Trans-Anatolian to Trans Adriatic (TANAP/TAP). But all three of them could not all go forward. Contradictions or overlaps not only between the project companies, but also the underlying broader geostrategic and geopolitical concerns meant that TANAP/TAP could not go forward without the Nabucco going forward as most plans have these merged, and Nabucco was less viable at any rate with South Stream going forward.

Upon closer inspection, the TANAP/TAP and the Nabucco are really one and the same. This is so even if there were differences in project conceptions, involving some different project companies and minor differences in route. At a point last year, it looked as Nabucco would work with the Shah Deniz consortium and actually take a Central European route, through the North-South corridor. This would have meandered up from Nabucco in Hungary, and towards the Baltic Sea cutting through both Slovakia and Czech Republic, and through Poland.



This would have undermined the importance of two Russian lines, through Ukraine and Nord Stream. But changes in the Hungarian political landscape, towards an overtly pro-Russian position, made this route unlikely. To cut up from Romania through Ukraine would be a burdensome addition by way of kilometers of pipe, given the project always had funding problems and what were perceived as inflated costs.

What this boiled down to was the EU encouraged on by the US, having Turkey and Russia compete endlessly.

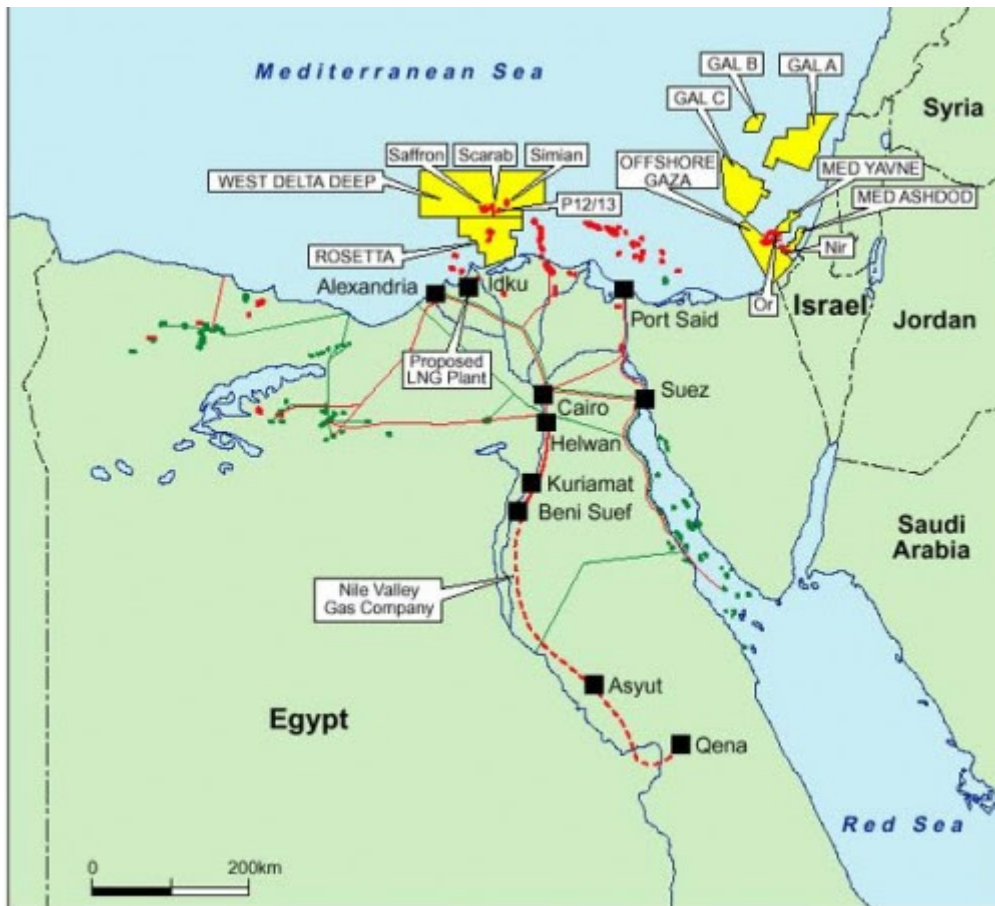
This is also why, since last week's announcement, EU's optimistic talk of the TANAP/TAP project revival can seem strangely out of touch with reality. Turkey, of course, is wise to diversify its sources, working with Azeri partners as well as Russian. The Shah Deniz fields are estimated at no more than 1 trln. cm as opposed to Russia's 48 trln. cm. The Azeri estimated reserves are thus only about 2 % of the Russian [7].

Yes, the Azeris may produce, together with what they have and with the Shah Deniz II expansion, as much as 40 bcm per year. But with a realistic reserve quantity of 1trln. cm, this isn't going to last very long in the scheme of things, especially if production is to be

expanded further. So we can see that while Azeri contributions meant something, if the entire plan is to be worth the long term aims, always meant a combination with Nabucco.

This in turn substantively meant the Southern Corridor through the Levant.

The Southern Corridor is a critical piece. Azeri gas from the Shah Deniz field promised to make a new route viable. Without Nabucco and Turkey, the Azeri's really could not fund this. Construction never began on Nabucco, and experienced all of the confusion between project companies, funding issues, and changed routes as described above. What it relied on, to work, was incorporating Egyptian, Israeli, and Syrian gas to make a Southern Corridor, into Turkey and connect with the rest of Nabucco.



TANAP/TAP cannot really work as a stand-alone project. Europeans are at best talking their book, at worst, sorely misinformed. Given the levels of ineptitude and nepotism which prevail in 'Old Europe', this last possibility is actually a great one.

This reality played a factor in the Arab Spring in Egypt and Syria. Turkey backed the Arab Spring in Egypt, and had their man, Morsi, installed. Morsi was not simply installed as part of the Arab Spring tactic by the US and Israel as part of a broader regional move against Iran. Of course, this much is true. But further, this in Egypt, was supposed to be a major development allowing for Egyptian natural gas to get to Turkey, through Israel and a Syria under a new western backed "FSA" leadership that favored Egypt, Israel, and Turkey over Iran and broadly speaking, Russia.

Still Turkey's previous plans with the Southern Corridor can be combined with a new Russian-Turkish pipeline. This possibility may really underscore the significance of the Russian-Turkish deal, and the entire geostrategic and geopolitical realignment which may be underway.

Essentially, the position of Azerbaijan, Turkey and Israel as being firm pro-Western and anti-Russian natural gas interests meant that Egypt and Syria would have to experience 'regime change' for all the pieces to link up. While Egypt under Mubarak received western military aid and was an important US ally during the last decade of the cold war, and interpreting most generously could be said to have "looked the other way" on Israel-Palestine, he was opposed to regime change in Syria. Syria could not act in line with a Turkish and Israeli plan given its relations with Iran, and Turkish relations with Iran.

The stage was set, then to make a "regime change" in Egypt and Syria, thus angling out Iran, and perhaps even forcing Lebanon to act in concert with Israel against Hezbollah.

But Iran and Russia, working with Syria and its SAA effectively pushed back the foreign mercenary and Salafist invasion of Syria. Yes, the US and Israel still push with its Saudi friends to finance a quasi-mythical ISIS, and even here in recent days we have seen a series of big defeats for ISIS. In fact, these three latest major events - The Turkish-Russian gas deal announcement, the defeats suffered by ISIS, and the Israeli air-force provocations on Syria, are all intimately connected.

In the course of the Turkish end of the war against Syria, the disorganization, losses, and problematic western led alliance were such that pre-existing tensions between the Saudis and Qataris were exacerbated. Turkey's friendly Muslim Brotherhood government in Egypt

was subject to severe persecution in the pro-Salafist realm of peninsular Arabia. Turkey's friendly MB front in Palestine, Hamas, was being actively courted by Iran.

In the last year of this conflict, in the wake of the failed western attempt to blame Syria for a chemical attack it staged itself, Iran-Turkey relations have in fact warmed, seeing a 400% increase in bilateral trade. Furthermore, Turkey reversed its decision on the convictions of leading Pro-Russian 'Eurasianist' leaders, some even in the military, who had been caught up in the so-called Ergenekon conspiracy. This included the prominent Worker's Party leader, Dogu Perencek, and other of his ranking Maoist-Kemalist comrades. This last piece is significant in its symbolism more than anything else, but we live in a world of symbols and signs.

What we were left with, finally then, as a result, was the total fracturing of the US and Israeli led alliance against Syria. Russia worked with some partners in the region to reverse the Arab Spring in Egypt, seeing the ousting of Morsi and his replacement by Sisi. At first glance, this is a set-back for Turkey as well, and Russians may have either worked with, or fooled, the Saudis in helping with this. Analysis on Saudi-Russian bilateral relations are generally a nebulous cloud of disinformation and misinformation, and we will leave these and related questions out of this report.

Now there is a new reality, the situation has reversed.

Iran-Turkey relations have warmed, and so have Russian-Turkish relations. Egypt has committed itself in the area of foreign policy, to a good relationship with Ba'athist Syria of Assad. Egypt will maintain Mubaraks' old arrangement with Israel with regard to Palestine, tunnels, and the like. But Egyptian natural gas will only make its way, now, through to Turkey's 'Russian Turkish Line', replacing Nabucco, if it goes through the legitimate government of Syria.

If it is also to involve Israel, it may be possible to place some conditions on Israel.

Besides ending its war against Syria, and ending its rhetoric on Iran, it could also include the recognition of Palestine and profit sharing with Palestine, whom the offshore Gazan resource legally belongs to. We should not be optimistic here, but as well it is possible for a new route for the Egyptian end, as the southern-most part of the 'new' Southern-Corridor project, to meander through the Sinai through Jordan, or go by sea to Syria.

This may mean that if Israel wants to expand their market, it may need to work through its Netanyahu disaster period, and elect a Labor government with center-right instead of far-right social and economic policy, and policy on Palestine. All of this is entirely speculative, and probably unlikely. But Israel needs this project more than the other parties need Israel. Israel will need to weigh, however, numerous factors which not only directly relate to energy markets. In reality, Israel finds itself increasingly isolated in the region. Experts have already explained for at least a decade, that the Israeli Zionist project may be unsustainable and could be winding down. Some have even pondered if the Zionist entity would be looking to relocate to the emerging rump-state of Western Ukraine, where, biblical lore aside, many Israelis can materially trace their recent history to. Nevertheless, Israel has reached a critical place, and has some difficult decisions to make.

Israel is going to be the most problematic piece, but the Azeris also have an opportunity to re-align their interests with the new plan. The fusion of Nabucco and South Stream with

TANAP/TAP is still a possibility too. BP will not like this per se, but the Shah Deniz consortium is going to have to make some difficult decisions and work that piece out. This is doubly true if there is a serious policy change in Azerbaijan. Like with Israel, the Azeris need to be a part of this project more than the project needs them.

The Azeri's only other option is the ever elusive White Stream. Yulia Tymoshenko herself proposed this to the EU as far back as 2008. There are numerous problems here, including that it was to cross from Georgia into the Black Sea and to Crimea. But Crimea is Russia now, and at present time it is truly up in the air if Ukraine will become a landlocked rump-state, or have regime change, long before such a project can be completed, let alone started. Romania, which has been removed from the Russian-Turkish proposal in its Nabucco form, may be the only viable partner. But this would mean extensive construction across the black sea from Georgia to Romania. These were the same obstacles which precluded the possibility of any kind of TANAP/TAP project that didn't go through Turkey. In reality, if a project cannot pay by itself for a relatively limited supply (Azeri) to traverse the Black Sea, it will have to work with Russia or Turkey, who have now teamed up.

With regard to the entire scope of the Russian-Turkish gas deal in general, we should be cautious in speculating much on the future course of it, or what it all may mean. We have attempted to sketch out what some of the primary factors are. We have given some details and the related background, of the natural gas contest and its primacy not only to Russia and Ukraine, and the Balkans. We have explained also how this collided and yet now coincides with a Turkish supported project.

We should still expect future public talk on this subject which places the new deal into question. This is all part of the process and the spectacle. It is even still possible that Israel will provoke such a response in Syria and Lebanon that Iran will be hard pressed not to react, increasing the bellicosity and instability in the region, making a Turkish re-orientation of the Southern Corridor more difficult.

Likewise, the West may still effectively divide Russian from Turkish interests. It will definitely make every attempt to. The Russians and Turks, if they are to stay together on this project, will likely entertain the illusion for the West that its disruptive efforts are working at times, because this is how it's done.

It made little sense for Russia and Turkey to both have lines through roughly the same route, with the success of the Turkish one requiring instability in the Levant, the destruction of Syria, and a coup in Egypt. Now that Russia and Turkey have announced to the world that they will not have their interests placed at odds with each other through the manipulation of the US, EU, and Israel, we can see a geopolitical shift in the making, of tectonic proportions.

Again, this is not over for Bulgaria either, but as with Bosnia and Serbia, the conflict in Ukraine stands a good chance at spreading, especially as Balkans states could re-align in a decisively pro-Russian direction. Still, energy markets are huge, but they are not everything.

Russia's future tasks are clear. If Bulgaria can come to its senses, Russia must help Bulgaria with its security apparatus, for example, helping to restructure its intelligence and secret police agencies. It must provide Bulgaria with these and other assurances. Russia must also, if it is to build again with the EU, demonstrate that it can protect assets and investments

in Latin America.

Europe must understand that the Balkans can only be a place where either both EU, Russia and Turkey can have an interest, or that it will be without Europe, with only Russia and Turkey having an interest. This would mirror an historical pattern, as well.

The EU should not be forced to commit suicide by cutting off its access to affordable energy resources from Russia and the Middle-East, at the threat of losing access to Latin American markets under conditions of increased US bellicosity in that region.

Some analysts have looked at the low prices and attractive terms which Russia have offered to its partners, including China, and now Turkey and India, regarding energy markets. Some have said that Putin is showing Russian weakness with such a low price. Others, more accurately have said that Putin is broad in thinking, and is focusing more on market share than market price. This is a fair point, and closer to the truth.

But all of these exciting adventures in capitalism are not going to mean very much on an irradiated earth primarily populated by cockroaches, feeding off of highly adaptive bacteria. The bigger picture we can draw from all of this is a Russia that is thinking long term, and issues like stability are more important than quarterly fluctuations. It is committed to building a multi-polar world which will save the world from the US Empire, save Europe from itself, and enable conditions for sovereignty and development in whole regions like the Balkans, Middle-east, Africa, Asia, and Latin America.

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Notes

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