

US Tells Greece To Reject Moscow's Pipeline Proposal Marking Return To Cold War Politics

By [Zero Hedge](#)

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Over the course of Greece's painful and protracted negotiations with European creditors, Athens has sought, at various times when a deal seems to be slipping away, to play the Russian pivot card. What began as a series of diplomatic overtures between the Tsipras government and Moscow quickly turned more serious once rumors began to swirl around Greece's potential participation in Russia's Turkish Stream pipeline which, as a reminder, will allow Russia to bypass Bulgaria by piping gas through Turkey, then through Greece, Serbia, and Hungary straight to the Austrian central hub.



In short order, it leaked that Moscow was [set to advance](#) Greece \$5 billion against the future potential profits from the pipeline, a payment which we characterized as a get-out-of-Troika-jail free card and although conflicting reports emerged thereafter regarding just how soon money would actually be flowing from Moscow to Athens, discussions around the pipeline continued to move forward when Gazprom chief Alexei Miller [visited Greece](#) late last month to discuss "current energy issues of interest."

That visit proved more than Europe could bear, and so the European Commission promptly filed [antitrust charges](#) against the Russian gas giant in an absurdly transparent attempt to punish the Kremlin for interfering in negotiations between the EU and its Aegean debt serf.

Now with negotiations between Athens and creditors still fraught with uncertainty, and with the IMF now reportedly at odds with the rest of the Troika over appropriate bailout terms, another interested party is stepping into the melee because, as NY Times [reports](#), fresh off a humiliating political defeat at the hands of China's Asian Infrastructure Investment Bank, Washington is in no mood to see the birthplace of Western civilization co-opted by a Russian natural gas firm. Here's more:

The United States, wading into the international efforts to shape Greece's economic and geopolitical orientation, is pushing the leftist government in Athens to resist Russia's energy overtures.

A State Department envoy in Athens urged Greece on Friday to embrace a Western-backed project that would link Europe to natural gas supplies in Azerbaijan, rather than agree to a gas pipeline project pushed by Moscow.

The dueling sales pitches, reminiscent of a Cold War struggle, come as debt-burdened Greece is desperate for new sources of revenue of the sort that a gas pipeline could bring.

In an interview in Athens on Friday, before meeting with Greek officials, the State Department envoy, Amos J. Hochstein, said Greece would increase its appeal to Western investors — and would help reduce the European Union's dependence on Russian gas supplies — if it declined to play host to a pipeline proposed by the Russian state-controlled energy giant Gazprom.

That pipeline would carry Russian gas to Europe through Turkey and Greece, bypassing pipelines that run through Ukraine...

The geopolitical tug of war over Europe's energy supply is growing increasingly intense.

The Russian president, Vladimir V. Putin, spoke by telephone with Prime Minister Alexis Tsipras of Greece about the Gazprom pipeline project on Thursday. And Mr. Tsipras's office has confirmed his country's readiness to take part in the construction of a Greek pipeline to transfer Russian natural gas from the Greek-Turkish border to Europe.

The Greek foreign minister, Nikos Kotzias, has said that the Greek portion of the Russian-backed project could be worth billions of dollars to his country...

While revenue from a new gas pipeline could be years away, such a project — whether with Russian or Western backing — would have obvious allure for Greece.

The Russian proposal is for a pipeline called Turkish Stream. It is intended to replace an earlier Russian initiative for a pipeline to Europe called South Stream, which Mr. Putin was forced to abandon late last year because of European Union rules that would have made the project unpalatable to Moscow by requiring Gazprom to share the pipeline with other suppliers. The South Stream pipeline, running under the Black Sea, would have brought gas into the European Union through Bulgaria.

Mr. Hochstein, the American official, said on Friday that the pipeline he was promoting — called the Southern Gas Corridor project — was farther along in construction. It would involve multiple companies, including the British energy giant BP, and countries including Georgia and Turkey, and it would bring together a series of pipeline projects stretching from Azerbaijan to Italy, through Greece.

The Southern Gas Corridor is a project aimed at “improving the diversity of the EU's energy supply” — in other words, it's an attempt to help break Gazprom's stranglehold and this is of course why Washington is giving Greece the hard sell.

Essentially, the corridor will allow the EU to tap into Caspian gas via a series of connecting pipelines running from Azerbaijan to Italy.



Here is what the European Council On Foreign Relations has to say about the prospects for working closely with Azerbaijan:

Azerbaijan is the supplier best placed to respond to the EU's strategy of diversifying gas supply away from Russia. Azerbaijan has long been cooperating with Western energy companies on projects such as the Azeri-Chirag-Deepwater Guneshli oil project and the Shah Deniz gas condensate project (both led by BP), as well as the Baku-Tbilisi-Ceyhan (BTC) and the Baku-

Tbilisi-Erzurum (BTE) pipelines. Thus, the scope for increasing gas supply from Azerbaijan seems to be simply a matter of the economics of the potential supply projects.

The supply is expected to come from the second phase of the Shah Deniz project, with an estimated cost of over \$45 billion, or \$380-430/billion cubic metres at the Turkey-Greece border, and from the Umid gas field (SOCAR and Nobel Oil). The two projects could potentially supply up to 18-19 bcm per year of gas by 2020, with at least 6 bcm committed to the Turkish market and 10 bcm to Greece, Albania, and Italy. In 2014, the Shah Deniz consortium finally agreed to commit gas resources to the Trans Adriatic Pipeline (TAP), which will bring Azeri gas to Europe through Turkey; although it has a small transport capacity, this project will certainly contribute to the EU's diversification efforts.

And here is an amusing graphic which outlines the pros and 'cons' of various alternatives to Russian energy:



As the Times suggests, this is further evidence that Washington is becoming increasingly concerned that the world is rapidly shifting away from the US-dominated, unipolar model that has existed, in one form or another, since the collapse of the Soviet Union. This consternation is beginning to manifest itself in the revitalization of Cold War politics.

Of course the official line is that the US is simply concerned about Greece's economic future and thereby feels it necessary to adopt a bit of well-meaning paternalism to assist the country — which clearly cannot make decisions for itself — in determining what is in its own best interests. Indeed, Washington is even brazen enough to assume that no one will see the hilarious irony in this assessment of Russia's Turkish Stream Pipeline: "It's not an economic project... it's only about politics."

We wonder how long it will be before Washinton "urges" Pakistan to tread carefully when cooperating with China on infrastructure development.

We'll leave you with Vladimir Putin's take on the issue:

"Just because Greece is debt-ridden, this does not mean it is bound hand and foot, and has no independent foreign policy."

* * *

Here's the official statement from the US Embassy in Athens:

Mr. Amos Hochstein, Special Envoy and Coordinator for International Energy Affairs at the U.S. Department of State, visited Athens May 7-8 for discussions with Minister of State Nikos Pappas, Minister of Foreign Affairs Nikos Kotzias, Minister of Productive Reconstruction, Environment and Energy Panagiotis Lafazanis, and energy company officials.

Special Envoy Hochstein came to Athens to reaffirm Secretary of State Kerry's and the U.S government's support for Greek energy diversification, including support for key natural gas infrastructure projects such as the Trans Adriatic Pipeline, Greece-Bulgaria Interconnector (IGB), and expanded use of Liquefied Natural Gas (LNG).

These projects will increase Greek and European Union energy security, reduce Greece's dependence on a single supplier of gas, increase competition, and reduce prices for consumers. TAP will result in 1.5 billion euros in foreign investment in Greece, generate 10,000 jobs during construction, and provide many millions of euros in revenue annually over 25 years.

The United States is concerned that Greek consideration of an extension of a "Turkstream" pipeline across Greece will not increase energy diversification, may be of concern to EU competition authorities, and is not a long-term solution to Greece's energy needs.

Mr. Hochstein discussed with Greek leaders Greece's great potential to play a leadership role in being part of the solution to Europe's energy security concerns. (emphasis added)

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