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PRESS RELEASE

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Gazprom: A foreign Policy Tool? Will Russia turn off the tap?

In an interview with the Voice of America on Russia's ambition for the State-owned energy giant, Gazprom, Ziba Norman, our director, said: "Russia is deeply uncomfortable with the loss of its influence in the Baltics, Ukraine and central Asia... Gazprom is clearly being used as a foreign policy tool... the November appointment of Dimitry Medvedev to the post of first deputy prime minister, who is also chairman of Gazprom, show how closely the company and the Kremlin are working together."

Sharp price rises have become a way of Russia expressing displeasure.

Recent threats to cut gas supply to the Ukraine, unless a steep price rise is agreed, with up to 400% being demanded by the 1st January deadline, threaten to interrupt supplies that pass through Ukraine's pipelines into Europe. Upwards of 39% of Europe's total supplies come via this route, and up to 75% of Ukraine's own supply stands in the balance. The extortionate price rise, could create political pressure in the Ukraine, and would be unhelpful to Victor Yushenko's Orange revolution.

Similar price rises have been demanded in Moldova and Georgia, and a pattern is emerging -- counties that are leaning towards the US appear to be targeted.

Ziba Norman also said: "It is unlikely that Russia will make such a move at this time, as it might be damaging for its long-term plans for Gazprom which is looking to raise capital in foreign markets for expansion into other areas, including the liquefied gas market in the US."

For further analysis of this issue, see Ziba Norman's op-ed "Russia's Gas Weapon: Gazprom Rising" in IHT, 21 December 2005.

Information:

The Transatlantic Institute is a London-based educational charity (registered charity no. 1108682) founded in 2004 to promote a new kind of dialogue on international issues, free of political partisanship and institutional bias, focusing on topics of common concern to America and Europe.

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