

Session A:

Politics and Economics of Gas Export Projects

Russian Gas: Across Belarus to Poland & Germany

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The Belarus Connector

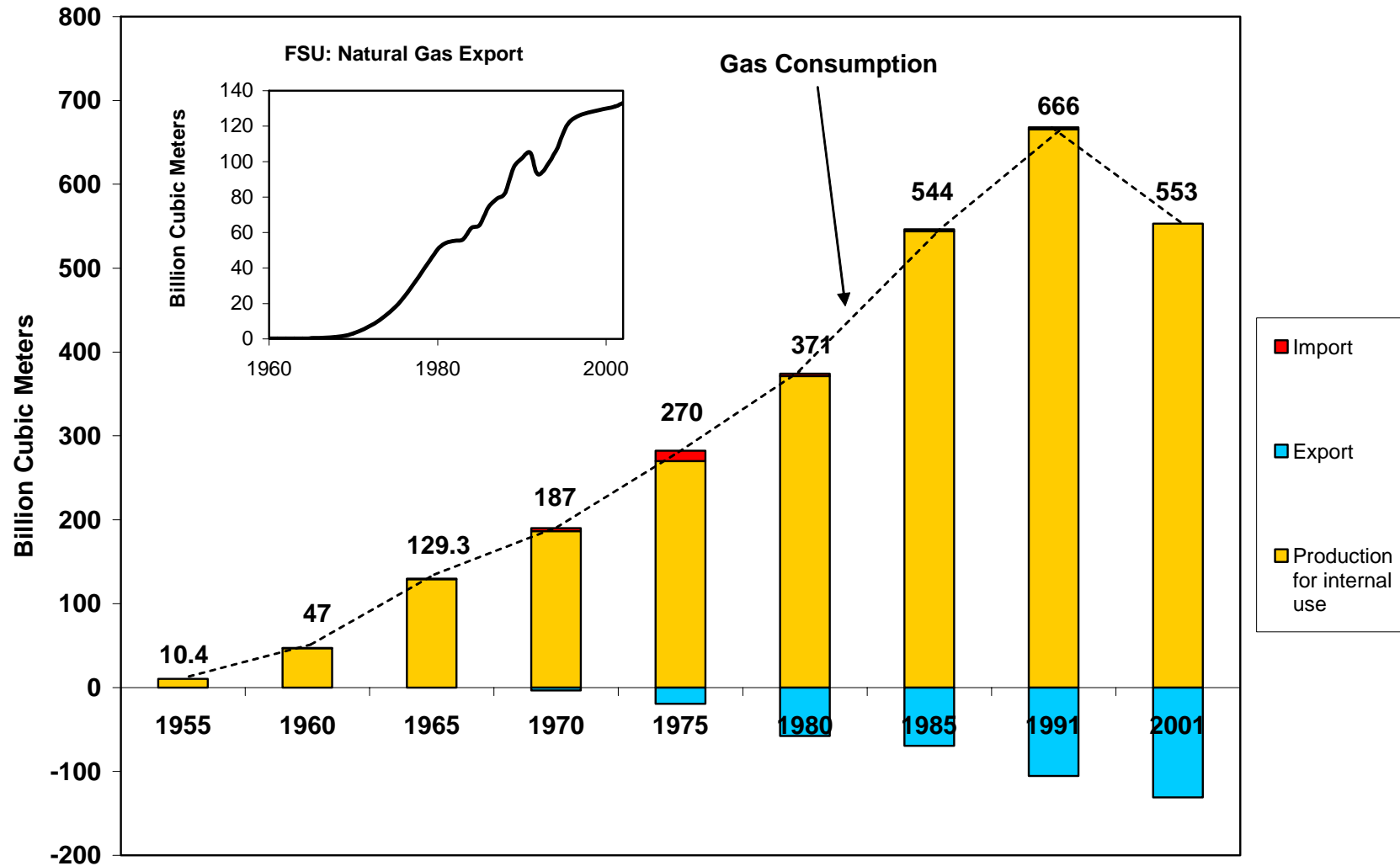


The Key Players and Their Interests

- Russia and Gazprom
 - Boost export volumes
 - Direct access to German Market
 - Bypass Ruhrgas; gain higher margins
 - Internal turmoil in early 1990s
 - Belarus
 - Poland
 - Germany
 - No “German” interest
 - Wintershall (BASF): break the German gas monopoly
- How well did they do?

Soviet and Russian Gas Exports

FSU: Natural Gas Production, Export, Import and Consumption



Gazprom and the German Market

- Minimal Impact on margins
- Volumes higher, but along baseline
- Accelerated gas-on-gas competition and opening of German gas market
- All told, a disaster for Gazprom?
- Story still unfolding
 - Gazprom's downstream holdings

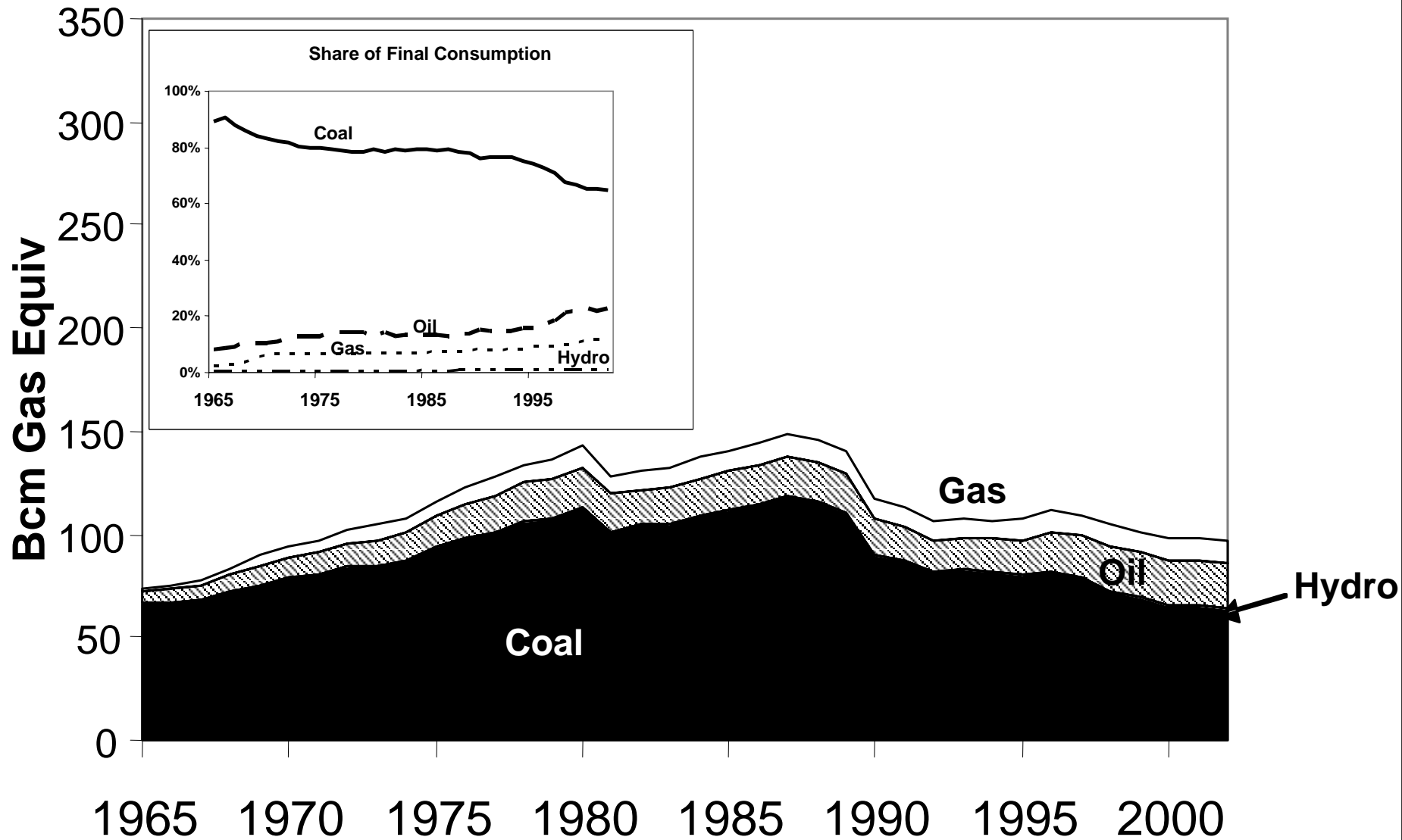
German Market and Wintershall

- Eroded Ruhrgas margins
- Wintershall has ~15% share today, up from ~zero in 1990
- German (large) consumer a winner

Transit countries

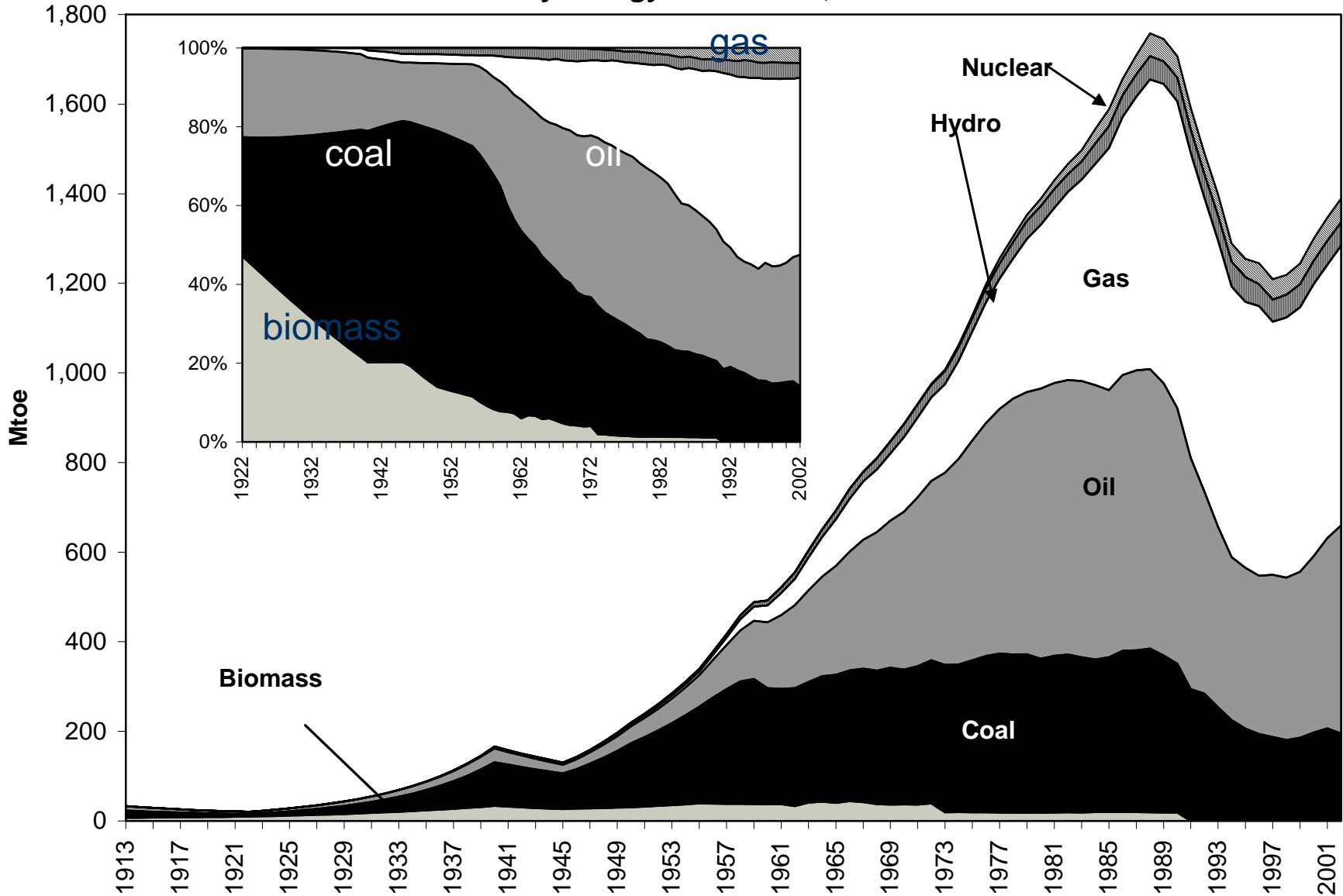
- Poland
 - The problem of demand
- Belarus and Ukraine
 - Reversal of roles

Poland: Gas Struggles for Share



Contrast: Soviet State Orders Gas

FSU: Primary Energy Production, 1913-2002



Direct Exports and Bypass

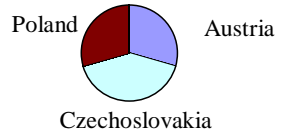


Implications for Geopolitics

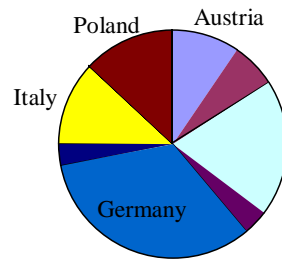
- Primary of Geoeconomics
 - Estimation of demand
 - Poland; Turkey
- Transit Country Problem
 - Ephemeral and overstated?
 - Contestability of routes and markets
- Security of Supply: Russia the reliable supplier?

Backup Slides follow

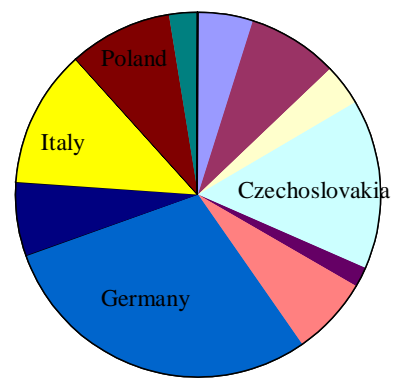
1970, 3.4 Billion Cubic Meters



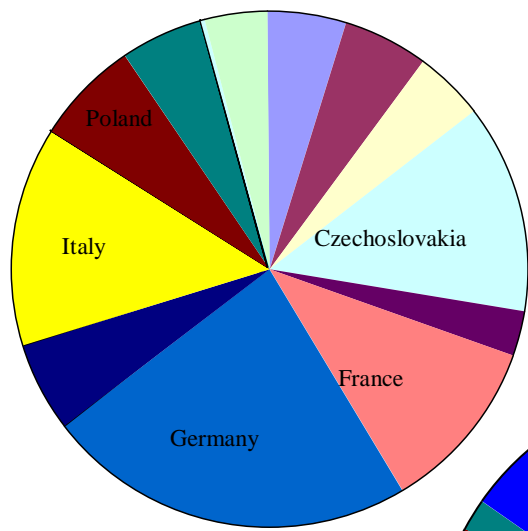
1975, 19.3 Billion Cubic Meters



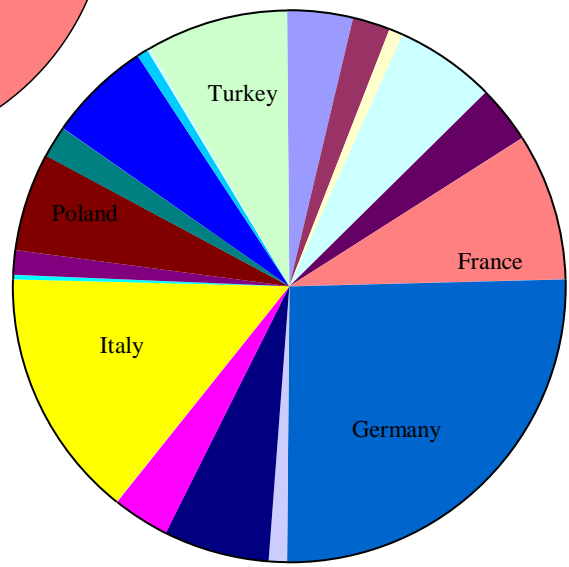
1980, 57.6 Billion Cubic Meters



1991, 105.2 Billion Cubic Meters



2001, 131.06 Billion Cubic Meters



- | | |
|----------------|-------------|
| Austria | Hungary |
| Bulgaria | Iran |
| Croatia | Italy |
| Czech Republic | Netherlands |
| Finland | Others |
| France | Poland |
| Germany | Romania |
| Greece | Slovakia |
| | Turkey |