

ALEKSANTERI NEWS

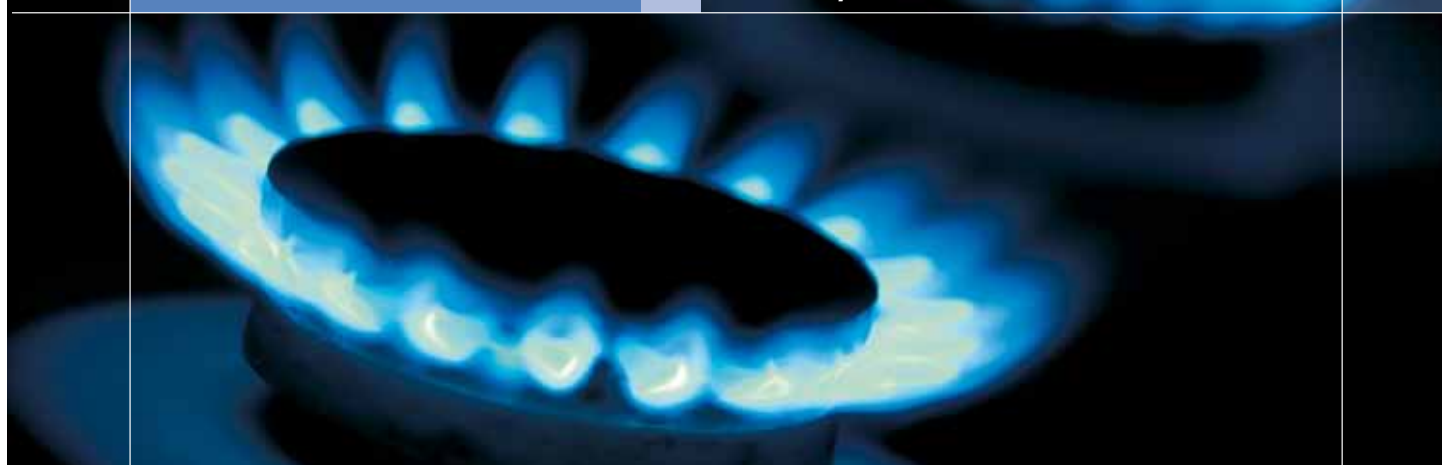
26 October, 2010 ■ Issue 4

Fuelling the Future?

Assessing Russia's Role in Eurasia's Energy Complex

27th – 29th October 2010

University of Helsinki, Finland



CONFERENCE PROGRAMME INSIDE

The 10th Annual Aleksanteri Conference will focus on the nature of Russia's role in the Eurasian energy sector. See pages 4 - 7 for the conference programme, and pages 7 - 10 for information about the keynote speakers!

WELCOME TO THE ALEKSANTERI CONFERENCE
MORE THAN 200 PARTICIPANTS
EXPECTED AT THE THREE-DAY
CONFERENCE

For the past several years, Russia's role as a significant provider of energy for EU consumers has been under the microscope. Owing to the increasing media attention and academic scrutiny of Russia's energy sector, the Aleksanteri Institute's 2010 Conference has invited scholars, policy-makers and industry analysts from around the world to discuss and debate these issues. We wish to provide a forum for open and fruitful discussions!

FRESH RELEASE FROM ROUTLEDGE

REASSESSING COLD WAR EUROPE

A new volume edited by the Aleksanteri Institute's researchers **Sari Autio-Saraso** and **Katalin Miklóssy** is published in Routledge Studies in the History of Russia and Eastern Europe -series.

The book presents a comprehensive reassessment of Europe in the Cold War period, 1945-91, showing how relations between East and West were based not only on confrontation and mutual distrust, but also on collaboration. The authors reveal that - despite opposing ideologies - there was in fact considerable interaction and exchange between different Eastern and Western actors (such as states, enterprises, associations, organisations and individuals) irrespective of the Iron Curtain.

The book challenges both the traditional understanding of the East-West juxtaposition and the relevancy of the Iron Curtain. It reveals how smaller countries and smaller actors in Europe were able to forge and implement their agendas within their own blocs.

More information on Reassessing Cold War Europe available at the publisher's site: www.routledge.com/books/details/9780415587693/

10th Annual
Aleksanteri
Conference

FACE OF THE MONTH: MARKKU KIVINEN

“Our nation has no alternative other than working to modernise the economy and the social sphere on a large scale. The main question is whether we will be able to do this, whether our modernisation efforts will be successful.” So said the Russian President, **Dimitry Medvedev**, in a recent speech to United Russia Party officials in the city of Gorky last May. Medvedev went on to answer the question himself, adding, “I have no doubt that we will succeed in modernising the nation. The question is how to do this as well and as quickly as possible, with minimum loss, and make it attractive to both people and business (for ordinary people and for entrepreneurs), because these people, their work is the major key to success.”

Modernisation in Russia is an issue that has been discussed in Russian society for centuries and a topical question that President Medvedev has forcefully brought to the forefront. It is also one that has intrigued Professor **Markku Kivinen**, director of the Aleksanteri Institute, for years. Together with his research group, he is now completing an application to the Academy of Finland in the programme for Centres of Excellence (CoEs), which provides funding for innovative, target-oriented, cutting edge research. The application submitted by the Aleksanteri Institute – Choices of Russian Modernisation – is one of 36 applications chosen out of 135 for the second stage.

“There are basically three different paths of modernisation that Russia needs to choose from”, says Kivinen. “The first is the Western democratic model, be it Europe or the United States or something else. The other is modernisation along the Eastern model, be it Russia’s own way, Chinese or something else, or authoritarian modernisation. Then there is always the third option: the refusal to modernise and sticking to old traditions.” Which of these

courses Russia will follow is an open question – but a very crucial one.

There is currently no consensus among scholars. “We need to go beyond totalistic approaches. These either focus too much on the past, saying that Russia is determined to stay on its path of state-dependent authoritarianism, or

attempt to forecast the future, paving way for a Russia proceeding on a linear path to market economy, democracy, liberal administration and the rule of law.” Empirical studies show that the development is much more complex and hybrid. “What we need is a new kind of multidisciplinary approach that combines in-depth empirical analysis of Russia with theoretical ambition that goes beyond the Russian context.” Kivinen and his group have suggested a “Finnish school” – an innovative multi- and inter-disciplinary approach that emphasises choice and agency, intended and unintended results and the social constitution of culture.

Kivinen has just returned from Moscow, where he took part in the Social Dimension of Russian Modernisation seminar that was organised by the think tank behind Strategy 2020. The seminar featured such figures as **Vladislav Surkov**, the first deputy

chief of staff of the Presidential Executive Office. Kivinen was one of the invited foreign speakers to discuss various aspects of Russian modernisation. “I was surprised to see not only pro-Kremlin ideologists attend but many critical voices as well, such as **Boris Kagarlitsky** and **Olga Kryshtanovskaya**. There was also a considerable amount of open criticism expressed – that funding had been directed to wrong ends, for instance. What was particularly interesting was to see the prominent American sociologist **Randall Collins** feature as one of the attendees.”

Anna-Maria Salmi

Markku Kivinen leads the research project Structuration of Russia’s Energy Policy and its External Impacts, and features in the 10th Aleksanteri Conference. Programme on pages 4-7.

FACTS ABOUT MARKKU KIVINEN:

- Director of the Aleksanteri Institute since 1996
- Previously Professor of Sociology at the University of Lapland
- Academic career began in the early 1980s when Kivinen joined **Erik Olin Wright’s** Comparative Project on Class Structure and Class Consciousness
- Since then, more than 300 publications on key sociological topics: power, social structure and cultural processes, including his major theoretical interpretation of Russia, *Progress and Chaos – Russia as a Challenge for Sociological Imagination* (Kikimora 2002)

- Director of the Finnish Graduate School for Russian and East European Studies, as well as many research projects funded by the Academy of Finland, EU and NordForsk
- Extensive public outreach, including hundreds of interviews for the Finnish and international media
- Markku Kivinen’s speech in the Social Dimension of Russian Modernisation seminar, Moscow 29.9.
www.edinros.ru/text.shtml?15/8617

THE OVET PROJECT

LIVELY DISCUSSION ON MULTIDISCIPLINARY EXPERTISE

The OVET project, which promotes cooperation between higher education institutions and employers, with focus on specialists on Russia and Eastern Europe, was launched on 8 October 2010. Interest in the project among several different actors in society was evident.

Anita Lehtikoinen (photo), director in the Division for Higher Education and Science in the Ministry of Education and Culture, spoke in favour of making university studies respond better to the needs of employers. Finland's internationally recognised expertise on Russia and Eastern Europe must be available for business and other societal interests.

During the panel discussion, **Arto Mustajoki**, professor of Russian language and literature, paid attention to the fact that not only do many Finnish universities have excellent departments that focus on Russian and East European Studies but people in general society are seeing the opportunities related to Russia more strongly.



Sari Jokimies, head of education at Saimaa University of Applied Sciences, felt it is crucial to raise enthusiasm among staff and students towards eastern opportunities.

Anneli Temmes, executive director of HAUS Finnish Institute of Public Management Ltd, said that excellent professional skills on a relevant field are ideally accompanied by knowledge of history, culture and languages. **Kirsti Kylä-Tuomola**, development manager at the Ministry of Education and Culture, thought that other study fields could take advantage of the practices developed by the OVET project. The goal of the project is to raise awareness of the versatility of academic skills and the kind of careers open to graduates.

Essi Ylitalo

The OVET project, coordinated by the Aleksanteri Institute, will be implemented from 2010 to 2013 with partial funding from the European Social Fund and the Pirkanmaa Centre for Economic Development, Transport and the Environment.

SEMINAR NEWS

GEORGIA: TWO YEARS AFTER THE AUGUST WAR

On 23 September, the Aleksanteri Institute organized a seminar focusing on Georgia. Keynote address was delivered by H.E. Mr. **Amiran Kavadze** (photo), Ambassador of Georgia to Sweden and Finland. Ambassador Kavadze emphasized the importance of rapid EU integration,



deep economic and democratic reforms as well as some of the key policy objectives regarding the de-occupation of Georgian provinces of Abkhazia and South Ossetia.

Presentation by Associate Professor **Kornely Kakachia** (Tbilisi State University) opened the panel discussion. He outlined Georgia's foreign policy options and obstacles, especially the strained bilateral relations with Russia. Kakachia argued that it is highly unlikely that in the near future pro-Kremlin government would rise into power in Georgia, since the opposition and ruling party alike are committed not only to the Euro-Atlantic integration, but also to the re-integration of those regions currently not under Tbilisi's control into Georgia proper.

Other panelists at the seminar included **Salla Nazarenko**, freelance journalist; **Jeremy Smith**, senior researcher of the University of Eastern Finland; **Mikko Palonkorpi**, researcher of the Aleksanteri Institute. The panel was chaired by researcher **Hanna Smith** (Aleksanteri Institute). The seminar was well attended by representatives of political, diplomatic and academic circles of the capital of Finland.

Mikko Palonkorpi

COOPERATION WITH KATTI AND HCAS

RUSSIAN LAW AT THE CROSSROADS: LEGAL SCHOLARSHIP AND PRACTICE IN CONTEMPORARY RUSSIA

The Aleksanteri Institute, together with Institute of International Economic Law (KATTI) and Helsinki Collegium for Advanced Studies (HCAS) arranges a seminar on Russian law, on 28 – 29 October 2010.

The Aleksanteri Institute is represented by two researchers. **Anna-Liisa Heusala** is one of the discussants in Session 3: "Legal Profession and Legal Ethics in Contemporary Russia", and **Jarmo Koistinen** will give a talk entitled "The threshold of criminal liability in Russia and Finland as an object of comparison" in Session 5. Other participants include distinguished experts from Russia, Western Europe and the US.

Seminar venue: University of Helsinki, Porthania PIV, Yliopistonkatu 3, 1st floor

RUSSIAN MEDIA RESEARCH CONTINUES

Emil Aaltonen Foundation has decided to finance a research project by **Jukka Pietiläinen** with the title "Russian Media Revolution" with a three year grant of total 200,000 euros during the years 2011-2013. The project continues and widens the research conducted in the Success Factors of Russian Magazines project, funded in 2009-2010 by Helsingin Sanomat Foundation.

Emil Aaltonen (1869-1949) was a shoe factory owner in Tampere and the foundation named after him distributes currently 3,5 million euros annually for Finnish researchers.

10th Annual Aleksanteri Conference

ALEKSANTERI CONFERENCE

FUELLING THE FUTURE? ASSESSING RUSSIA'S ROLE IN EURASIA'S ENERGY COMPLEX

Dear Colleagues,

I would like to take this opportunity to welcome you to the 10th Aleksanteri Conference, hosted by the Aleksanteri Institute on the central premises of the University of Helsinki. For the Institute and for all those involved, this is indeed an auspicious occasion. Not only has the Aleksanteri Institute succeeded in hosting its 10th international conference but, in addition, the theme of this year's event is a very timely one.



Photo: Niina Into

Current research points to the fact that, domestically, the Russian Energy Sector (RES) simultaneously provides political legitimacy for the country's public administration through the coordination of budgetary flows among the various institutional levels of the federal system and subsequent provision of goods and services to society at large. Therefore, as a crucial factor in Russia's economic growth, the continued development of Russia's hydrocarbon resources, along with the processing of key commodities, extends the RES' international importance beyond that of pure geo-politics.

Moving beyond the geo-politics of energy is a scientific challenge that needs to be faced head-on by the academic community. From the outset, "Fuelling the Future: Assessing Russia's Role in Eurasia's Energy Complex" has been an earnest attempt to gather scholars, policy-makers and industry analysts from around the world to discuss and debate Russia's increasing socio-economic and political importance in the reformulation of Eurasia's energy trade under changing structural conditions.

I sincerely hope that, over the three days of the conference, we the organisers, through the panel discussions, keynote presentations and numerous receptions, will provide the forum in which such issues can be openly and frankly discussed.

Sincerely,


David Dusseault
Acting Professor, Russian Energy Policy
Aleksanteri Institute, University of Helsinki

The conference will take place at the University of Helsinki Main Building, Fabianinkatu 33 / Unioninkatu 34. Check the conference site for possible changes in the programme!

www.helsinki.fi/aleksanteri/conference2010

PROGRAMME

WEDNESDAY 27 OCTOBER

10:00-12:30 REGISTRATION (INFO DESK, ENTRANCE HALL)

12:30-13:30 OPENING CEREMONY (SMALL HALL)

- Chair: Prof. David Dusseault, Aleksanteri Institute, University of Helsinki
- Mr. Paavo Lipponen, Prime Minister of Finland 1995-2003
- Prof. Markku Kivinen, Director, Aleksanteri Institute, University of Helsinki

13:30-14:00 Coffee

14:00-17:00 PANEL SESSION I, THEORY PANEL SESSION (SMALL HALL)

Session I: Russia's Energy Policy: National, Interregional & Global Dimensions I

- Chair: Pami Aalto
- Pami Aalto: Towards a Social-structurationist Approach to Russian Energy Policy
- Markku Kivinen: Public and Business Actors in Russia's Energy Policy
- David Dusseault: Russia's East: Oil, Gas and the Expectations for a New El-Dorado
- Discussant: Alexey Gromov

SESSION II: RUSSIA'S ENERGY POLICY: NATIONAL, INTERREGIONAL & GLOBAL DIMENSIONS II (SMALL HALL)

- Chair: Pami Aalto
- Hanna Smith: Russian Foreign Policy and Energy: the Case of Nordstream Gas Pipeline
- Mikko Palonkorpi: Russia's Energy Policy and the Energy Chains in Central Asia / Caucasus
- Corey Johnson: A Splintered Heartland: Russia, Europe, and the Geopolitics of Networked Energy Infrastructure
- Discussant: Michael Bradshaw

17:00-17:15 Break

17:15-18:15 PLENARY SESSION I: ENERGY STRATEGY UP TO PERIOD 2030: QUESTIONS, TROUBLES, RISKS (SMALL HALL)

- Chair: Simon-Eerik Ollus, Chief Economist, Fortum Corporation
- Dr. Alexey Gromov, Deputy General Director, Institute of Energy Strategy, Ministry of Energy RF

■ ■ ■

The conference reception will be held at the Helsinki City Hall (address: Pohjoisesplanadi 11-13) on Wednesday, 27 October at 19:00.

The participants will be guided from the lobby of the University Main Building (address: Unioninkatu 34), to the City Hall by the conference organisers. The meeting with the organisers is scheduled to take place at 18:30.

THURSDAY 28 OCTOBER

08:15-09:45 PANEL SESSION II, RESOURCE STRUCTURES

Parallel Panel I: Coexistence of Russian Hydrocarbon Extraction & Marginalised Livelihoods: Theory & Practice (aud XV)

- Chair: Florian Stammmler
- Nina Meshtyb: The Perception of Coexistence with the Gas Industry among Reindeer Herders in W. Siberia
- Stephan Dudek: Between the Forest & Industrial Bar-racks: Shifting Belongings among Taiga Residents on Russia's Largest Oil Deposits
- Arthur Mason: Comparative Research of Social Coordination on Russian Arctic Gas Development
- Discussant: David Dusseault

Parallel Panel II Institutional Structures & The Energy Trade

- Chair: Oleg Zakataev (aud XII)
- Irina Petruca: Russia's Role on the International Oil Market
- Tatiana Shaldenkova: Fuel and Energy Complex: the Spatial Dimension
- Inese Stepina: Divergent Interests and Sources of EU Energy Security Concerns: View from the European Court of Justice
- Discussant: Iikka Korhonen

09:45-11:15 PANEL SESSION II, RESOURCE STRUCTURES (CONT.)

Panel III Russian Energy Sector from a Regional Perspective (aud XII)

- Chair: Florian Stammmler
- Dmitry Melnikov: Minimisation of Geopolitical Conflicts at Development of the Gas Deposits in Yamalo-Nenets Region of Russia with the States of the Arctic Council
- Douglas Rogers: The Social & Cultural Faces of Russian Energy: How Energy Sector Corporate Responsibility Projects are Remaking Politics & Society
- David Dusseault: Socio-economic Development in Sakha Republic (Yakutia)
- Discussant: Florian Stammmler

11:15-11:30 Break

11:30-12:30 PLENARY SESSION II: A NEW ENERGY AGE IN PACIFIC RUSSIA: LESSON FROM THE SAKHALIN OIL AND GAS PROJECTS (SMALL HALL)

- Chair: Prof. Pami Aalto, Director of the Jean Monnet European Centre of Excellence, University of Tampere
- Prof. Michael Bradshaw, Department of Geography, University of Leicester

12:30-13:30 Lunch break

13:30-15:00 PANEL SESSION III, FINANCIAL STRUCTURES

Panel I: Resource Curse & Post-Soviet Eurasia (aud XII)

- Chair: Vladimir Gel'man
- Andrey Scherbak: The Impact of the "Oil Shock" on the Post-Soviet Regime Changes
- Andrey Zaoztrovsev: Oil Boom: Is it Devastating to the Property Rights?
- Vladimir Gel'man: The Logic of Crony Capitalism: Big Oil, Big Politics, & Big Business in Russia
- Nikolay Dobronravov: Oil, Gas, Transit and Boundaries: "Transport Curse" in Post-Soviet Eurasia
- Discussant: Laura Solanko

Panel II: Russia's Role in Evolving Eurasian Gasmarkets (aud XV)

- Chair: Xu Liu
- Roman Vakulchuk: The Concept of Energy Security: State & Business Perspectives
- Vitaly Protasov: Russia in the Eurasian Gas Supply: the Need for Competitive Advantages
- Vladimir Paramonov: Russia's Projects & Investments in Central Asian Oil and Gas Industry
- Gulmira Rzaeva: How Long Will the Russian Gas Monopoly in the European Market Last?
- Discussant: Markku Kivinen

15:00-15:15 Break

15:15-16:15 PLENARY SESSION III: RUSSIA'S ENERGY POLICY IN THE FAR EAST AND EAST SIBERIA (SMALL HALL)

- Chair: Markku Kangaspuro, Director of Research, Aleksanteri Institute, University of Helsinki
- Prof. Shinichiro Tabata, Slavic Research Centre, University of Hokkaido, Japan

16:15-16:35 Coffee

16:35-18:05 PANEL SESSION IV, INSTITUTIONAL STRUCTURES

Parallel Panel I: Russian Energy Companies & the Russian Institutional System (aud XV)

- Chair: Veli-Pekka Tynkkynen
- Jonas Grätz: Corporate Status in Russia and Its Implications for Oil and Gas Companies' Strategy
- Ingerid M. Opdahl: Russian Energy Companies in the Former Soviet Union: How Do Their Policies Connect to Russian Foreign Policy?
- Indra Øverland: The Implications of the TNK-BP Case for How Russian Policy on Foreign Companies Is Formed
- Margarita Balmaceda: Domestic Contradictions, Foreign Policy Levers and Trans-border Rent- Seeking: The Domestic Russian Background to the Role of Energy in Relations with its Energy-Poor Transit State Neighbours
- Discussant: Jakub Godzimirski

Parallel Panel II: Energy of the North: from Arctic towards the Northern Dimension (aud XII)

- Chair: Irina Zeleneva

- Irina Zeleneva: "New Geometry" of Energy Unions within the Eurasian Space: Russian Viewpoint
- Nataliya Markushina: Soft Security (Energy) Issues in the Context of the N. Dimension
- Maria Lagutina: Political Aspect of EU-Russia Cooperation in Energy Sphere: the Nord Stream Case
- Natalia Vasiliyeva: Russia as the World's Energy Superpower: between East and West TBC
- Nadezhda Kharlampieva: Transnational Area of the Arctic Region: an Institutional Analysis
- Discussant: Olga Garanina

18:15-19:45 PANEL SESSION IV, INSTITUTIONAL STRUCTURES (CONT.) (AUD XV)

Panel III: Energy on the International Level: Interdependence or Sum Zero Games

- Chair: Sari Autio-Saraso
- Andres Mäe: Vulnerability of Interdependent Energy Relations
- Alexandra Prodromidou: State-business Relations in the Russian Oil & Gas Sectors & Their Impact on Russian Foreign Energy Policy in Central Asia
- Karel Svoboda: Gazprom's Pricing Policy
- Jan Sir: Clearing the way for Nabucco? Azerbaijan in Turkmenistan's Foreign Policy
- Discussant: Markku Kivinen

FRIDAY 29 OCTOBER

08:30-09:30 PLENARY SESSION IV: RUSSIA'S ENERGY POLICY IN THE BLACK SEA REGION: THE IMPLICATIONS OF CHANGE (SMALL HALL)

- Chair: Researcher Hanna Smith, Aleksanteri Institute, University of Helsinki
- Mr. James Sherr, Senior Fellow, Russia & Eurasia Programme, Chatham House, London, UK

09:30-09:45 Break

09:45-11:15 PANEL SESSION V, INFORMATIONAL STRUCTURES

Panel I: Challenges of the Russian Energy Strategy to 2030 (aud XV)

- Chair: Martin Åberg
- Alexey Gromov: How Russian May Become Less Energy Dependent
- Susanne Oxenstierna: Russia – a Nuclear Energy Superpower?
- Laura Solanko: Russian Electricity Reform
- Discussant: Margarita Balmaceda

11:15-12:45 PANEL SESSION V, INFORMATIONAL STRUCTURES (CONT.)

Parallel Panel II: Russian Media, Business & State (aud XV)

- Chair: Jukka Pietiläinen
- Katja Koikkalainen: Corporate Reputation and Media in Russia
- Jukka Pietiläinen: Gazprom and the Other Energy Companies as Media Owners

- Dmitry Strovsky: Is Authoritarian Power Blossoming? Following the Economic Transformation of the Russian Media in the 2000s
- Discussant: Florian Toepfl

Parallel Panel III: Deconstructing Russia's Energy Strategy (aud XIII)

- Chair: Irina Ochirova
- Jack Sharples: The Social Construction of Russia's External Gas Policy
- Deniz Erdem: Natural Gas Import Dynamics and Russia's Role in the Security of Germany's Supply Strategy
- Veli-Pekka Tynkkynen: Nuclear & Renewable Energy in the Russian Energy Discourse
- Discussant: Hanna Smith

12:45-13:45 Lunch break

13:45-14:45 PLENARY SESSION V: THE STRATEGIC PERSPECTIVE: IS THERE SUCH A CONCEPT AS ENERGY SECURITY? (SMALL HALL)

- Chair: Prof. Markku Kivinen, Director of the Aleksanteri Institute, University of Helsinki
- Prof. Shoujun Cui, Renmin National University, Beijing, China

14:45-15:15 Coffee

15:15-16:45 PANEL SESSION VI, GLOBAL CONSIDERATIONS: NATIONAL MODELS OF ENERGY SECURITY: IN SEARCH OF A COMMON DENOMINATOR (AUD XII)

- Chair: Sergei Sutyurin
- Nikita Lomagin: Russia's Model of Energy Security
- Liudmila Popova: Chinese Model of Energy Security: Concepts and Components
- Vladimir Sherov-Ignatiev: International Energy Cooperation and Regional Integration
- Elena Efimova: Denmark's Energy Policy: Is the Small Countries' Experience Applicable for Large Scale Economies?
- Discussant: Pami Aalto

16:45-18:30 PARALLEL ROUNDTABLES

Roundtable I: Central Asia Round Table (aud XII)

- Chair: Ian Pryde
- Bahram Dordi Gray: Russia's Rule in Central Asia's Oil and Gas Exports: Case of Turkmenistan TBC
- Kurmanali Matikeev/ Sairagul Matikeeva: Russian Energy Policy in Central Asia and Its Impacts for Kyrgyzstan: Political and Economical Aspects TBC
- Hooman Peimani: Russia & Energy Exports of Landlocked Central Asian States: The Challenge of Maintaining Influence in Multipolar World
- Mirela Marcu: Russia's Role in Eurasia's Energy Complex
- Seyed Behzad Akhlaghi: Energy Security & Democracy, towards the Future
- Enayatollah Yazdani: Big Oil Brother of Central Asia: The Role of Russia in the Region's Energy TBC

■ Discussant: Vladimir Paramonov

Roundtable II: Inter-regional Roundtable (aud XV)

- Chair: Jakub Godzimirski
- Muhittin Tolga Ozsaglam: Russian Energy Policy & Its Impact on Russia-Turkey Relations
- Cagri Erdem: Geopolitics & Energy Security in the Wider Black Sea Region: Russian Energy Policy toward Neighbouring Countries
- Alin Codoban: The Black Sea Geopolitics: Russian & European Energy Competition
- Kamran Zia Sheikholeslami: A New Kind of Energy Security
- Dicle Korkmaz: European/ Eurasian Energy Security: from Vulnerability to Viability and Sustainability
- Discussant: James Sherr

18:30-19:15 CLOSING CEREMONY: LOOKING BACK, MOVING FORWARD: TRAJECTORIES FOR CONTINUING RESEARCH ON THE RUSSIAN ENERGY SECTOR (SMALL HALL)

- Chair: Minister Jaakko Iloniemi
- Prof. David Dusseault, Aleksanteri Institute, University of Helsinki

Fuelling the Future?

Assessing Russia's Role in Eurasia's Energy Complex



DR ALEXEY GROMOV

deputy director-general of the Institute for Energy Strategy (IES) and head of the World Energy Consulting Center (WECC).

Dr Gromov's primary responsibilities are state energy regulation in Russia and strategic planning, foresight and forecasting of energy development in Russia and worldwide. Dr Gromov's previous role as head of the Gas Department in the Institute for Problems of Natural Monopolies has contributed to his in-depth knowledge of the key problems in the Russian Gas Sector. He was part of the expert team for developing Russia's energy strategy up to 2030. He was also one of the authors of the Russian "White Book" (Global Energy and Sustainable Development) that covers Russia's global energy vision. He is a member of expert councils under the Ministry of Energy, the Russian Union of Industrialists and Entrepreneurs (RSPP) and the Russian Gas Society. Dr Gromov has authored more than 30 publications in various leading Russian and international economic reviews.



SUMMARY OF THE KEYNOTE SPEECH 27 OCT 2010 HOW RUSSIA MAY BECOME LESS ENERGY DEPENDENT: KEY POINTS OF RUSSIAN ENERGY STRATEGY UP TO 2030

Energy Strategy for the period up to 2030 (after ES-2030), approved by decree No. 1715-r of the Government of the Russian Federation, dated 13 November 2009, is the most important document determining the targets and objectives of Russian energy policy. ES-2030 is not a forecast but is a target model of energy sector development, a consciously chosen way with target indicators as landmarks, the achievement of which will determine its real efficiency in the future.

One of the most important targets of ES-2030 is to improve the energy efficiency of the Russian economy, to maximise the use of energy resources by ensuring it is in the interests of consumers to save energy, improve their own energy efficiency and invest in this field.

For the last eight years, the energy intensity of Russian GDP decreased by one-third, mainly due to the structural transformation of the national economy (rapid development of services) and the considerable growth of world prices for energy resources. Nevertheless, Russia is still among the world's most energy-intensive economies. The energy intensity of Russian GDP exceeds the mean world level by 230 percent.

The main issue in this sphere is the considerable untapped potential of organisational and technological energy saving, which amounts to 40 percent of the total volume of domestic energy consumption.

The realisation of energy policy in the sphere of energy efficiency and energy saving requires considerable investment, estimated at 320 billion USD (based on the official 2007 exchange rate). The effect for end users will be savings of 80 billion USD. Meanwhile, the effect for the overall economy due to the multiplication effect will exceed 120 billion USD and the period of payback will be reduced to two or three years. Therefore, the cost of energy saving and improvement of energy efficiency in Russia is three times cheaper than the expansion of energy resources' extraction.

The first results of ES-2030 implementation show that we are on the right path. However, further advancement to the ES-2030 goals will require greater efforts from the authorities in order to make energy efficiency one of the locomotives of development in the Russian energy sector. ■



PROFESSOR MICHAEL BRADSHAW

Department of Geography, University of Leicester, UK.

Michael Bradshaw is professor of Human Geography and former head of the Department of Geography at the University of Leicester in the UK. His research is on resource geography with a particular focus on the economic geography of Russia and global energy security. He is co-editor with Philip Hanson of *Regional Economic Change in Russia* and with Alison Stenning of *The Post-Socialist Economies of East Central Europe and the Former Soviet Union*. His most recent research has focused on energy-related issues. For more than two decades, Professor Bradshaw has studied the development of the Sakhalin oil and gas projects in Russia's Far East. This has led to research on energy security in Northeast Asia. In October 2008, Professor Bradshaw started a three-year research programme on Global Energy Dilemmas, funded by a Leverhulme Trust Major Research Fellowship, which examines the relationship between energy security, globalisation and climate change.



SUMMARY OF THE KEYNOTE SPEECH 28 OCT 2010

A NEW ENERGY AGE IN PACIFIC RUSSIA: LESSONS FROM THE SAKHALIN OIL AND GAS PROJECTS

Faced with increasing competition and possible geopolitical limits to the expansion of natural gas exports to the European Union, as well as the loss of potential exports markets in North America due to the rapid growth of unconventional gas production, Gazprom sees the expansion of natural gas exports to Northeast Asia as a critical component of its future strategy. This keynote examines the history of the Sakhalin projects from their inception, as a compensation agreement between Japan and the Soviet Union in the 1970s, through to their implementation by Shell and Exxon Mobil within the past decade. The historical overview is then used to identify the key issues and conflicts that have shaped the development of Sakhalin's oil and gas potential. The final section of the keynote considers Gazprom's Eastern Strategy and the prospects for the gasification of the Far Eastern region and increased exports to the Asia-Pacific region. ■

PROFESSOR SHINICHIRO TABATA

Slavic Research Center, Hokkaido University, Japan

Shinichiro Tabata has been working at the Slavic Research Center (SRC) in Sapporo since 1986. He served as the Director of SRC in 2004–2007.

His field of expertise is in Russian economy, while his recent studies have concentrated on the influence of oil and gas on Russia's economic growth. Professor Tabata is the author and editor of numer-



ous publications, including *Dependent on Oil and Gas: Russia's Integration into the World Economy* (2006) and numerous articles in *Eurasian Geography and Economics*.

Professor Tabata is currently one of the core members of several joint projects including "Comparative Research on Major Regional Powers in Eurasia," for which he is the chief project leader, "The Establishment of the Network of Environmental Studies in the Pan-Okhotsk Region" and "Study on Major Countries' Decision Making Concerning International Negotiation on Future Institution on Climate Change beyond 2012."

SUMMARY OF THE KEYNOTE SPEECH 28 OCT 2010

RUSSIA'S ENERGY POLICY IN THE FAR EAST AND EAST SIBERIA

Shinichiro Tabata and Xu Liu, Slavic Research Center, Hokkaido University, Japan

Russian oil and gas development policies have attached great importance to oil and natural gas developments in the Russian Far East and East Siberia. The Russian initiatives seem to have three objectives: exploitation of oil and gas fields replacing those in West Siberia, diversification of Russia's oil and gas exports (increase in exports to the Asian markets) and economic growth in the Far East and East Siberia. In order to achieve these goals, the Russian government adopted major policies in the 1990s and 2000s in the following three spheres:

- Oil and gas developments in Sakhalin: A production sharing scheme was formulated and introduced for the first time in the Sakhalin-1 and Sakhalin-2 projects.
- Construction of the East Siberia-Pacific Ocean (ESPO) pipeline: The decision to construct this pipeline was made "politically" in order to solve a chicken-or-egg question, expecting that oil supply from Western Siberian oil fields would substitute those in East Siberia when oil supply from the latter were not sufficient for the pipeline.
- Exploitation of oil fields in East Siberia: Exemptions or reduction of extraction taxes and export duties, two of the major taxes on oil in Russia, were introduced for oil producers in these regions.

These policies have already brought about some positive results in terms of the three above-mentioned objectives of oil and gas developments in the Far East and East Siberia. Oil and gas production in these regions, especially in Sakhalin, began to increase in recent years. Exports from Sakhalin to Japan and South Korea have expanded rapidly and exports from Kozmino, a seaport terminal at the end of ESPO pipeline, have just begun, which is enhancing the share of East Asian markets in Russia's exports of oil and gas. Moreover, the recent economic growth in these areas, especially in Sakhalin, has been impressive, at least according to some macro-economic indicators.

The two most serious problems that may pose challenges to the further developments of oil and gas fields in East Siberia are the heavy tax burden on oil companies and high transportation fees. In addition, in terms of the exploitation of gas fields in the Far East and East Siberia, a shortage of demand from abroad may become an obstacle. ■

MR JAMES SHERR*Senior Fellow, Russia & Eurasia Programme, Chatham House*

James Sherr is senior fellow of the Russia and Eurasia Programme at the Royal Institute of International Affairs (Chatham House) in London. Between 1995 and May 2008, he was a Fellow of the former Conflict Studies Research Centre of the Defence Academy. He is also a member of the Faculty of Social Studies of Oxford University. He regularly advises the UK, NATO, the EU and partner countries on Russia, Ukraine and the Black Sea region. In Ukraine, he collaborates closely with official bodies and NGOs and is a regular contributor to Zerkalo Nedeli and Den'. He has spoken at the NATO-Russia Council, has delivered papers at the first and second official NATO-Russia workshops in Moscow (1994) and is a member of the Valdai Club. He has standing commitments to the Harvard Russia Security Programme, the Harvard Black Sea Security Programme, the German Marshall Fund of the United States and the NATO Defence College. James Sherr was born in New York City and holds British and US citizenship. His most recent publication, *The Mortgaging of Ukraine's Independence*, was published by Chatham House in September 2010.

**SUMMARY OF THE KEYNOTE SPEECH 29 OCT 2010****RUSSIA'S ENERGY POLICY IN THE BLACK SEA REGION: THE IMPLICATIONS OF CHANGE**

For anyone with a strategic mindset, the changes that have occurred in the Black Sea region over the past two years raise troubling questions about the adequacy of energy supply, the reliability of transit states, the security of transport corridors and the feasibility of energy projects designed to lessen dependency and bypass problematic supply routes. Nevertheless, the multiplicity of variables in play runs the risk of defeating all efforts at strategic thinking. Geopolitics, commercial considerations, national ambitions and sectoral interests are uncommonly difficult to disentangle, yet they invariably pull in different directions. In addition, the dynamics of economic crisis and recovery, the potential and the limitations of technological 'game changers' make the 'art of the possible' exceedingly difficult to discern. The question we aim to isolate and examine is whether Russia is drawing coherent and appropriate conclusions from its apparent geopolitical advances, the structural deficiencies of its energy sector and the presumptive imperative to 'modernise' its economy. The related, if equally critical question, is how Russia's conclusions will affect EU thinking and policy in the years ahead. ■

DR CUI SHOUJUN*Research head of the Centre for International Energy & Environment Strategy Studies (CIEESS) at Renmin University, China.*

Dr Shoujun graduated from China's Foreign Affairs University and then joined the faculty of School of International Studies at Renmin University of China to teach and research. He is now also the executive director of the Contemporary China Studies Programme (CCSP) at Renmin University.



Dr Shoujun's main academic interests are Energy Studies, Security Studies, China Foreign Policy and Contemporary International Relations. His international fellowships include the Program for International Studies in Asia, sponsored by George Washington University (2006), the Confucius Institute of the University of Helsinki (2008), the War Studies Department of King's College London (2010), and the East and West Center in the US (2010).

SUMMARY OF THE KEYNOTE SPEECH 29 OCT 2010**CHINA'S PIPE DIPLOMACY IN THE CASPIAN SEA AND ITS IMPACT ON THE NABUCCO PROJECT**

In the 21st century, new trends have emerged in energy transport that have immense implications. Among them, pipelines are re-emerging as a major means of energy supply. Europe has expressed its concerns about the over-dependence of gas supply from Russia due to the bitter gas conflicts between Ukraine and Russia. The Nabucco pipeline is a proposed natural gas project by Europe, which seeks to diversify gas suppliers and delivery routes to Europe. Russia's reaction is to contain Nabucco by the Nord Stream and the South Stream.

However, China's Central Asia pipeline project will be a major barrier, both for the Nabucco project and the South Stream. In an era of economic downturn, Europe's natural gas demands will decrease. As the main gas resource for the Nabucco pipeline, Turkmenistan cannot serve as a major gas supplier to the Nabucco project, having sent 40 billion cubic metres of natural gas to China with the successful completion of China's Central Asia pipeline. It is more likely that Nabucco will be a 'mission impossible'. Energy cooperation leads to regional cooperation.

The information of energy groups between China and Caspian countries that are linked together by major pipeline infrastructure projects will further enhance the diplomatic and economic relations within. Faced with the rising demand of China's fast developing economy, compared to Europe's weak economy, Turkmenistan possibly will embrace east instead of west for future energy supply. There is a possibility that Azerbaijan, another potential gas resource for the Nabucco project, could join the Nabucco project by sending its gas via Trans-Caspian pipeline. ■

DR DAVID DUSSEAU

Acting professor in Russian Energy Policy at the Aleksanteri Institute

David Dusseault earned his PhD in Political Science from the University of Helsinki in 2010. His thesis focused on the federal structure of the Russian state with particular attention to the political and economic nature of bargaining among constituent regions and Moscow from 1991–2000.

His empirical work in the Russian energy sector centres on the influence that the strategic prioritisation of the country's oil, gas and utility businesses possesses over regional socio-economic development in Siberia and the Far East.

Dr Dusseault is also an expert in the developing field of Russia's public administration and private sector relations. Key issues under investigation include the nature of decision-making and strategic planning, public-private co-ordination and partnership actions as well as the distribution of revenues between the regional and local levels of the Russian federal system.



SUMMARY OF THE KEYNOTE SPEECH 29 OCT 2010

LOOKING BACK, MOVING FORWARD:
TRAJECTORIES FOR CONTINUING RESEARCH
ON THE RUSSIAN ENERGY SECTOR

Due to the geographic, economic and political scope attributed to the value chains in the energy sector, it is not hard to understand why geo-politics is the predominant paradigm employed to garner explanatory power from associated academic research. However, owing to the scientific shallowness of the geo-political approach, much of the contextual change that has shaped Russia's energy policy has been largely ignored.

Russia's energy sector (RES) is more than an end in itself. The exploitation of the country's hydrocarbon resources, along with the processing of key commodities into value-added goods such as gasoline heat and electricity, extends the RES' importance beyond that of geo-politics. In fact, as a crucial factor in Russia's economic growth, the RES simultaneously provides political legitimacy for the country's public administration through the coordination of budgetary flows among the various institutional levels of the federal system, and the subsequent provision of goods and services to society at large.

What is seemingly lacking in both scientific and policy related research into the RES is not scope, but scientific and analytical depth. In the final keynote address for the 10th Aleksanteri Conference, the questions to be addressed focus on how academic research in the energy sector has failed to recognise the exact nature of the subject under investigation. This includes the conditions under which has the Russian energy sector has developed and what approaches may be better suited to produce explanations for the observed policy outputs emanating from Russia's energy industry. ■

MARIE CURIE RESEARCH PROJECT

GETTING ENERGY FROM RUSSIA TO EUROPE

"Following the pipeline" – that is, following the complex web of relationships, interests, value-added links and, at times, corruption ties that accompany the energy relationship between Russian producers, post-Soviet transit states and European consumers – has taken Professor **Margarita Balmaceda** to many more places than she ever imagined possible. She has travelled from her home campuses in the United States (where she is professor of international relations at Seton Hall University and research associate at the Harvard Ukrainian Research Institute), to multiple research stays in Ukraine, Belarus, Lithuania and Russia. And, since May 2010, she has been at the Aleksanteri Institute where, under a 16-month Marie Curie International Incoming Fellowship, Professor Balmaceda is conducting a project on "Getting energy from Russia to Europe: Domestic political conditions in the energy-poor transit states of the former USSR and risks to energy transit."

The project, which received one of the highest rankings in the last three years of the Marie Curie IIF competition, involves continuing Professor Balmaceda's past work on the effect of domestic political factors on the energy policies of post-Soviet states (Energy Dependency, Politics and Corruption in the Former Soviet Union, Routledge, 2008). She is accomplishing this by completing a comparative-oriented book (*The Politics of Energy Dependency: Ukraine, Belarus and Lithuania Between Domestic Oligarchs and Russian Pressure, 1992–2010*), a monograph on *Turning Economics into Politics, Dependency into Power: Belarus, Russia and Energy under Lukashenko* and acquiring additional expertise on Moldova's domestic energy politics.

In addition, the project includes an intensive exchange with Aleksanteri's Eurasian Energy Group and members of business and government, as well as mentoring of junior colleagues in Europe. Professor Balmaceda will be working at Aleksanteri until September 2011.

www.helsinki.fi/aleksanteri/english/projects/getting_energy.htm

FORTHCOMING PUBLICATION

GAZING AT WELFARE, GENDER AND AGENCY
IN POST-SOCIALIST COUNTRIES

edited by Maija Jäppinen, Meri Kulmala and Aino Saarinen, forthcoming from Cambridge Scholars Publishing in December 2010

Based on 17 contributions from the 2008 Aleksanteri Conference, the volume discusses welfare regimes in change and focuses on methodological challenges by stressing the importance of local case studies on welfare and civic activism. Transnational dynamics between East and West are also on the agenda.

HELSINKI INSIGHT CAMPAIGN

VENÄJÄN UUDET PELISÄÄNNÖT: FOKUKSESSA
OIKEUS JA HALLINTO

www.helsinki.fi/insight/venaja

ALEKSANTERI VISITING FELLOWS

TWO NEW VISITORS

■ **Irina Ochirova** recently completed her PhD in European Studies at the Institute for European Studies of the School of Humanities and Social Sciences of the Chemnitz University of Technology in Germany. She also has MAs in Gender Studies from the Central European University in Budapest and in European Studies from the Bulgarian-Romanian Interuniversity Europe Centre in Ruse, Bulgaria.

Her primary research interests include the foreign policies of Russia and the EU, EU-Russia relations and Russia's soft power and public diplomacy. Dr Ochirova's current project in the framework of her visiting fellowship, focuses on the role of Russia's foreign policy and the use of public diplomacy in its strategy for modernisation. Her monograph, entitled *The EU Kaliningrad Policy: Mapping the Place of the Kaliningrad Oblast of the Russian Federation inside the European Union*, will be published by Duncker & Humblot/Berlin this year.

Dr Ochirova is currently a lecturer at the Department of European Integration of the Chemnitz University of Technology.

Fellowship period: October-November 2010

Irina Ochirova will give a lecture titled "Russia's foreign policy as a tool of Russia's modernization" in the Aleksanteri Institute Visiting Scholars Research Seminars series on Nov 4th. Abstract and more information available at www.helsinki.fi/aleksanteri/english/news/events/2010/visitorseminars.htm

■ **Cristina Rat** is a lecturer in the Sociology Department at the Babes-Bolyai University in Cluj-Napoca. She received her PhD in Sociology at the same university in November 2008 with a thesis entitled *The Social Segregation of the Poor in Romania during Post-Socialist Transition. The Impact of Welfare Transfers*.

Dr Rat completed her MA at the Central European University in 2002 and during the 2003–2004 academic year she was an OSI/FCO Chevening Visiting Scholar within the doctoral support programme offered by the Department of Social Policy and Social Work at Oxford University. She is affiliated with the Research Centre on Interethnic Relations (CCRIT) Cluj-Napoca and acts as the executive editor of *Studia Sociologia*, the journal of her home university.

Dr Rat's research is focused on poverty and social inequalities, social policies and post-socialist transformations in Central and Eastern Europe. Her most recent publications are *Disciplining Mothers: Fertility Threats and Family Policies in Romania*, (GESIS Thematic Series on Social Sciences in Eastern Europe, Leibniz Institute for the Social Sciences, Issue 1/2010, pp. 75–87) and *The Impact of Minimum Income Guarantee Schemes in Central and Eastern Europe* (in Cerami, A., Vanhuysee, P. (eds.) *Post-Communist Welfare Pathways: Theorizing Social Policy Transformations in CEE*, Basinstoke, Palgrave Macmillan, 2009, pp. 164–181).

Fellowship period: October 15 - November 15, 2010

Photo: Niina Into



Cristina Rat and Irina Ochirova at the Senate Square, Helsinki

ALEKSANTERI INSTITUTE VISITING SCHOLARS PROGRAMME CALL FOR PROPOSALS OPENS IN JANUARY 2011

The Aleksanteri Institute annually invites highly qualified scholars studying Russia and Eastern Europe to undertake a grant-supported two- to-four-months research stay at the University of Helsinki. The call for proposals for the academic year 2011-2012 will open 17 January and close 4 March 2011. The call details will be found on the Aleksanteri Institute website.

The Visiting Scholars Programme was established in 2008 with the aim of supporting the advancement of Russian and Eastern European studies and strengthening links between the international and Finnish research communities.

During the academic years 2008-2009 and 2009-2010 the Aleksanteri Institute has hosted 30 top-level Visiting Fellows working on various fields and themes within social sciences and humanities, and representing 12 countries from Europe through North America to China.

www.helsinki.fi/aleksanteri/english/fellowship

MARJA JÄNIS:

VENÄJÄSTÄ SUOMEKSI JA SUOMESTA VENÄJÄKSI. VIESTINNÄN OPAS VENÄJÄN KIELTÄ KÄYTTÄVILLE

- Osaan suomea ja venäjää, osaankohan myös kääntää ja tulkata?
- Miksi jotkut suomennokset kuulostavat koukeroisilta tai kankeilta, venäjännökset taas tyykeiltä ja epäinformatiivisilta?
- Miten translitteroidaan?
- Millaisia tekstejä venäjästä on käännetty suomeen, entä päinvastoin?

Tässä kirjassa käsitellään niitä tietoja ja taitoja, joita kielitaidon lisäksi tarvitaan käännösviestinnän luonnistumiseen suomen ja venäjän välillä. Opas käsittelee ensisijaisesti asiatekstien kääntämistä ja neuvottelutulkausta, ei kaunokirjallisuuden suomentamista.

Kirja rakentuu kääntämisen ja tulkkauksen eri ulottuvuuksia käsitteleviin lukuihin, joita voi käyttää opetuksen runkona tai tiedonhaun lähteinä. Lukuihin liittyvät harjoitustehtävät on suunniteltu herättämään lisäkysymyksiä luvussa käsitellyistä aiheista.

Kirjassa valotetaan myös kääntämisen historiaa, sillä maidemme yhteiskunnallinen kehitys ja keskinäisten suhteiden muutokset ovat näkyneet myös kääntämisen kentällä.

Aleksanteri Series 4:2010, ISBN 952-10-6563-7, 155 s., 20 € + ALV



LIVELY PUBLISHING AT THE CORE OF THE INSTITUTE

Kikimora Publications, the Aleksanteri Institute's publishing house, has to date published over 70 monographs and anthologies. Additional volumes and articles appear online and Open Access is seen as a valuable opportunity.

Overseen by an international board, Kikimora is Europe's largest brand specialising in contemporary Russian and East European studies, particularly in the humanities and social sciences. Many of the volumes are in use as university text books.

The 'Russian' themes cover a wide spectrum, from topics in foreign and energy policies to judicial cooperation and administration rules and practices. The themes range from media to sociology, from non-canonised philosophers and the reception of Western thought to revisioning the so-called Russian idea, from cultural history to studies of the Cold War, nationalism, and the economic geography of northern regions.

Elina Kahla, Managing Editor

To read more about the publishing service and how to order publications, please visit: www.helsinki.fi/aleksanteri/english/publications.

Aleksanteri Institute

Finnish Centre for Russian and Eastern
European Studies

The Aleksanteri Institute is affiliated with the University of Helsinki and operates as a national centre of research, study and expertise pertaining to Russia and Eastern Europe, particularly in the social sciences and humanities. The institute co-ordinates and promotes co-operation and interaction between the academic world, public administration, business life and civil society in Finland and abroad.

The Aleksanteri Institute was founded in 1996. It has grown rapidly into a working community of around 50 people, including doctoral students in the Institute's Graduate School who work at their respective universities. The Institute has a board of trustees that represents the University of Helsinki and other interest groups. The Institute also has an international Advisory Board and is also guided in its various activities by the executive boards of the Master's programme and of the Graduate School and by an editorial board.

Aleksanteri Institute
P.O. Box 42 (Unioninkatu 33)
FI-00014 University of Helsinki

aleksanteri@helsinki.fi
Tel. +358 (9) 191 24175
www.helsinki.fi/aleksanteri/english

Aleksanteri News is published in both electronic and printed format.

Download the electronic version at
www.helsinki.fi/aleksanteri/english/news/newsletter.

The next newsletter will be published in February 2011

Editor:
Niina Into

Writers:
Niina Into, David Dusseault, Elina Kahla,
Mikko Palonkorpi,
Anna-Maria Salmi, Essi Ylitalo

Layout:
Niina Into

Join the Aleksanteri Email List to stay informed in between the quarterly Newsletters. More information and instructions at:

www.helsinki.fi/aleksanteri/english/news/aleksanteri-list.html

To receive the newsletter directly to your e-mail, please send an e-mail to aleksanteri@helsinki.fi