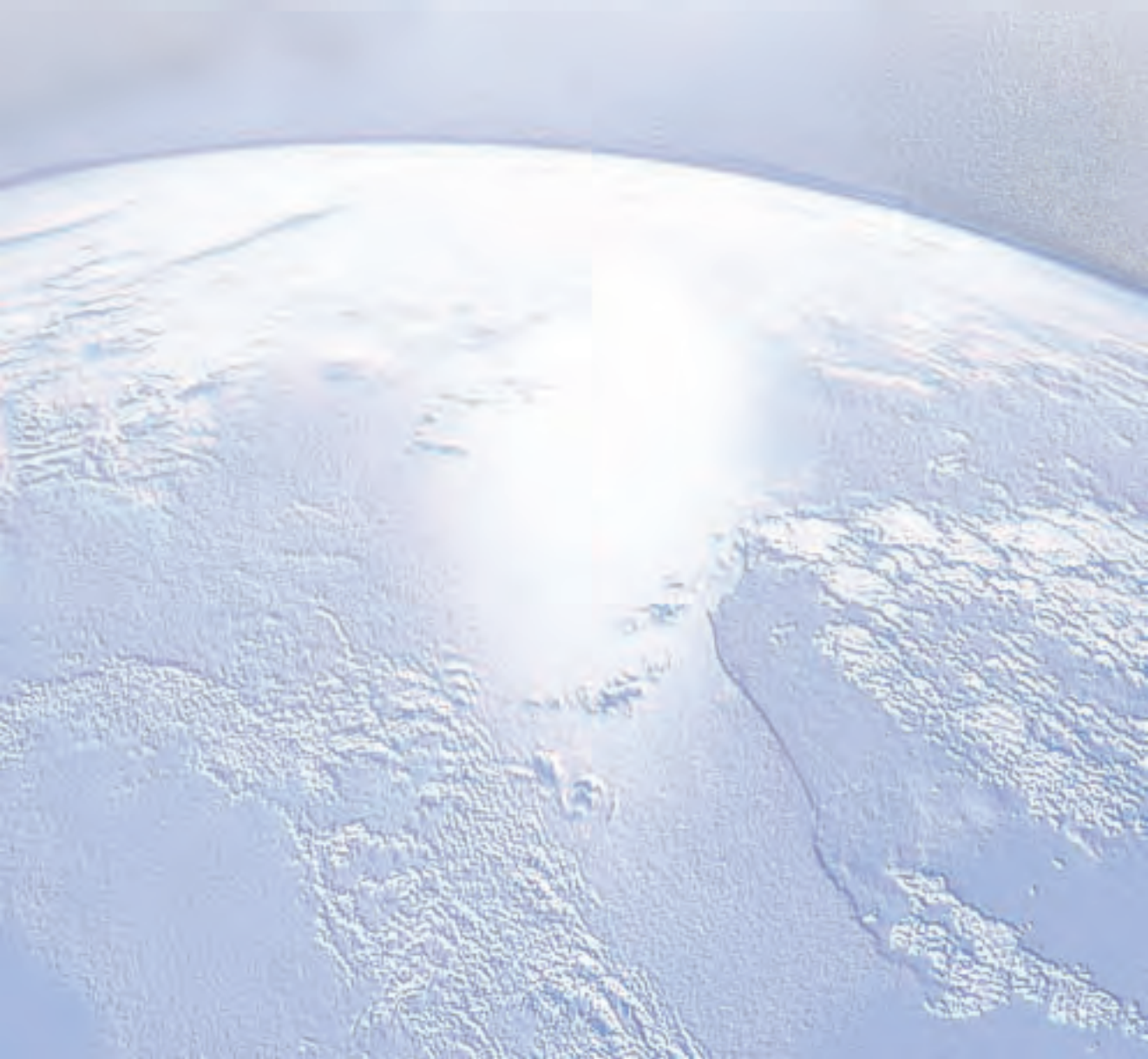




DEFENCE ANALYSES INSTITUTE

# DEFENSOR PACIS



# Preface

*by the President  
of the Board of Directors*

(ret) Lt.  
General  
Evangelos  
Tsirkas, is  
President  
of the Board  
of Directors,  
Defence  
Analyses  
Institute

**I**t has become increasingly evident that after the warfare in the Middle East, roles would change and that diplomacy and politics would take the lead from the army in order to find and impose new rules aiming at establishing democratic institutions, which would ensure the viability of the new regimes.

We are referring to two regions, which have greatly preoccupied the international community. On the one hand, we have Iraq and the regime which is expected to be established following the elections of January 2005, and on the other, there is the sensitive region of the Israeli-Palestinian conflict. Especially after the death of the Palestinian leader, Yaser Arafat, and the election of the conservative leader, Mahmoud Abbas, new circumstances were created for the revival of the Road Map, the disruption or the end of the armed conflict, and the intifada. Steps have been taken to defuse the crisis, having as a final objective the creation of a Palestinian state.

Both of these endeavours are burdened by grave problems and there is serious doubt as to how they will evolve, given that they are affected by extreme nationalistic and religious elements, which on grounds of ideology, faith or interest, cannot easily overcome convictions, beliefs, the armed struggle and bloodshed.

As soon as the countries of the Middle East resolve their internal problems, they will incorporate in due course western forms of governing.

The numerous problems in the region have become more complicated owing to the apparent will of the United States to create likely an independent state or a state with extended autonomy in the area of Iraqi Kurdistan, creating geopolitical repercussions in the nearby regions, encompassing Kurdish populations, particularly in Turkey.

Iran's attempt to obtain a nuclear arsenal has triggered the reaction of the countries of the so called "Nuclear Club", which are pursuing for their own or the general interest the non proliferation of the nuclear weapons in the countries of the third world. There is already an intense dispute on this matter between the countries of the European Union (France/Germany) and Russia on the one side, and the United States on the

# Preface

other. The first do not object to the idea of creating a nuclear infrastructure for peaceful purposes in Iran. In some cases they even patronise it, by helping substantially in this direction, while the latter reject every relevant idea on the suspicion of the eventuality that a nuclear infrastructure might facilitate the creation of a nuclear weapon in Iran, which will be used for military purposes.

In the Balkans, a disguised tranquility succeeded the armed conflict, given that the groups of people who are attached to ideas of unliberated lands, combined with extreme Islamic terrorist elements, are awaiting the proper circumstances to arise (FYROM), so as to create new (Kosovo) or larger states (Great Albania). On the other hand, the Balkan states, with the exception of Greece, wish to be integrated in western, political and military organisations (EU-NATO), so as to harvest the economic benefits deriving from these institutions, while safeguarding their national security.

The third region, affecting the geostrategy and the security of the area, is Turkey, which aims at gaining the EU's favourable treatment, by presenting on October 3, 2005, its progress report, so that the accession process can be launched. It is odd, though, that Turkey anticipates benefits without engaging itself in any act of goodwill towards its neighbouring countries, which also happen to be already EU member states, namely Greece and Cyprus, having unresolved issues on the table, such as the unacceptable illegal military occupation of Cypriot land, and insists on applying today the obsolete politics of the "Ottoman Empire".

Lastly, in the Black Sea region, the existing status quo is altering significantly. The recent terrorist acts in the Republic of Northern Ossetia and Chechnya have exposed the local and international security to great danger, especially because of the pipelines supplying energy from the Caspian region and Russia to the west, significantly affecting their economies.

We conclude this edition with an article on international terrorism, which has been identified and classified among the "asymmetric threats" and has become a source of major disquietude on a global scale.

The Defence Analyses Institute, stimulated by this thematology, has produced a series of articles by distinguished analysts from the academic and scientific field in general.

As President of the Board of Directors of the Defence Analyses Institute, I wish to thank the authors of the articles/analyses, hoping that their views will contribute to the solution of existing problems and dissuade the rise of new irregular

# Defensor Pacis

The Defence Analyses Institute Review  
17, Valtetsiou Str., Athens 106 80, Greece  
Tel. +30 210 36 32 902 - Fax +30 210 36 32 634

E-mail: [institut@otenet.gr](mailto:institut@otenet.gr)  
<http://www.iaa.gr>

## SUBMISSIONS

The Editor welcomes submission of articles in the field of defence, strategic planning and analysis as well as international relations. Computerized articles should be double-spaced and accompanied by a short CV of the author(s). The articles should not exceed 4.000 words in length (footnotes and references included). Footnotes should be numbered consecutively and placed at the end of the articles. Any submissions to other publications should be mentioned. Editorial decision on the submitted article shall be considered within two months after the date of receipt. Please be advised that all articles are subject to editing. For further information please consult with the Managing Editor at [man.editor@iaa.gr](mailto:man.editor@iaa.gr).

**The articles published in Defensor Pacis are scientifically evaluated by the Scientific Board of the Defence Analyses Institute or/and external researchers, under status of anonymity, who are appointed ad hoc by the Scientific Board.**

## SUBSCRIPTIONS - ADVERTISING

Defensor Pacis (ISSN 1108-359x) is published biannually by the Defence Analyses Institute.

The single copy rate is 12€. For further subscription information please consult the relevant form, located in the last page of the issue. For advertising information please contact Mr. Theodore Makris.

All rights reserved. No part of this publication may be reproduced in any form or by any means without the permission of the publisher.

All articles reflect the views and opinions of the authors.

Defence Analyses Institute ©



Defence Analyses Institute

## BOARD OF DIRECTORS

**President** Evaggelos Tsirkas, Lt. General (ret)

**Vice President** Georgios Tasoulis

**Members** Panayotis Kottis  
Konstantinos Ifantis  
Kosmas Thireos  
Pantelis Sklias

## SCIENTIFIC BOARD

**President** Ioannis Th. Mazis

**Members** Ioannis-Christos Panayiotopoulos  
Christodoulos Yialouridis  
Charalambos Papatiriou  
Aristotelis Tziampiris

**SCIENTIFIC EDITOR** Ioannis Th. Mazis

**ADMINISTRATIVE DIRECTOR** Ioannis Parisis

**MANAGING EDITOR** Artemis Couroupaki

**CREATIVE MANAGER** Paul Germides

**EDITING** William Mallinson

**SUBSCRIPTIONS** Theodore Makris

**PRE-PRESS & PRESS** TYES - Hellenic Army Press

# Contents

- Preface** ..... pp.2
- 1** Geostrategic analysis of the current situation in the Southeastern Mediterranean  
By *Ioannis Th. Mazis* ..... pp.7
- 2** The Mediterranean Dialogue - A Transatlantic View  
By *Günther Hauser* ..... pp.21
- 3** The Turkish Energy Corridor : Reality or Mirage  
By *Gerassimos Karabelias*..... pp.68
- 4** A Greek Perspective: Does the European Union Need a Common Intelligence Policy?  
By *John M. Nomikos* ..... pp.75
- 5** Oil Fields in the Ionian Sea  
By *Miltiadis G. Botsis* ..... pp.82
- 6** Syria : A Geopolitical Overview  
By *Dimitris Papandreou* ..... pp.94
- 7** The Cyprus Issue : Can Fussy Cognitive Maps Contribute to the Decision - Making Process?  
By *A. S. Andreou, N. H. Mateou and G. A. Zombanakis*..... pp.103
- 8** The American Electoral Result and three case scenarios over the Southeastern Mediterranean  
By *Spyros Litsas* ..... pp.123
- 9** Will Economic Growth, Increased International Trade, the Modernization of Traditional Societies, and the spread of open forms of Government, bring an end to major Interstate Wars  
By *Vassilis Politis* ..... pp.135
- 10** The Nature of Insurgency and Counterinsurgency in Iraq  
By *Andrew N. Liaropoulos*..... pp.142
- 11** Hungarian Experiences in Peace Support Activities  
By *Tibor Kovács and István Talián*..... pp.152
- 12** US Interests, British Acquiescence and the Invasion of Cyprus  
By *William Mallinson* ..... pp.161
- 13** The Problem of Oil Traffic in the Black Sea Straits and the Prospects of the “Bourgas-Alexandroupolis Project”  
By *Ioannis Th. Mazis* ..... pp.180
- 14** Book Presentation : The Cyprus Question and the EU : The Challenge and the Promise  
By *Andreas Theofanous*..... pp.192





### What is the Defence Analyses Institute?

The Defence Analyses Institute was founded in 1996 and is located in Athens, Greece. It is directed by a seven-member Board-of-Directors, appointed by the Minister of National Defence. The main task of the Institute is to provide analyses and views upon issues of national defence policy, armaments, strategic policy, international relations and geopolitics. The Institute's main goal is to study the volatile dynamic strategic environment in various geopolitical regions (such as the Balkans, Caucasus, the Middle East, Eastern Europe etc.), assess selected policies and inform the government or the private sector on the complex challenges that leaders and decision-makers counter today.

### About Defensor PACIS

**Defensor PACIS** is a biannual review published in English. Within its multifocal range of interests there are issues of regional and global security and defence, conflict analyses and international relations. The review aims to become a primary source of knowledge and information for those interested in contemporary international affairs.

### Activities

The Institute's Board of Directors and the Scientific Board are composed of distinguished members, known for their contribution to the academic, political and military life of Greece. The highly qualified administrative and research staff works constantly towards excellence, in order to carry out the Institute's work in the best possible way. Defence Analyses Institute publications include :

- ▶ **Defensor PACIS** Review (English)
- ▶ **Geostratigiki** Review (Greek)
- ▶ **Policy and Defence Topics** (Greek/English)
- ▶ **Documentation Series** (Greek/English)
- ▶ A large number of **books in co-operation with publishing houses**

In addition, IAA produces two newsletters, **Enimerotiko Entypo** and **Paremvoles**, with brief analyses about breaking political, defence and security issues, addressed to the competent authorities in Greece. The Institute organises frequent conferences, colloquia and seminars in Greece and abroad in co-operation with other known research centers. Useful information about the Defence Analyses Institute can be found in its website at <http://www.iaa.gr>

### Funding

IAA is mainly funded by the Hellenic Ministry of National Defence, while some of its operating costs are covered by the Institute's publications and participation in national or European research projects.

# The Problem of Oil Traffic in the Black Sea Straits and the Prospects for the “Bourgas- Alexandroupolis Project”

By Ioannis  
Th. Mazis

Energy security is now one of the most important problems for the world's main consumers of energy resources. The unfulfilled hopes for essential Iraqi oil supplies, soaring oil prices and increasing energy consumption in the key importing countries, are making them take drastic measures in order to avoid a crisis.

The problem is also of great importance to the European countries. Frequent disruption of Middle East supplies (often caused by subversive activities on the main Iraqi oil export routes), the decrease of oil production in the key European producing area, the North Sea, are making the European states try harder to diversify energy sources - in terms of both type and area.

For the time being, the search for alternative energy sources that could weaken dependence on traditional hydrocarbons has not resulted in any revolutionary breakthrough. Nevertheless, it is necessary to point out that the European countries (as well as the USA and Asia-Pacific states) are actively increasing their consumption of natural gas - both via

**Ioannis Th. Mazis is Professor of Geopolitics at the Ionian University and President of the Scientific Board of the Defence Analyses Institute, Hellenic Ministry of Defense**

pipelines and as liquefied form (LNG). In this connection, the position of oil in traditional markets could be challenged in the foreseeable future.

This is closely connected to the expansion of pipeline gas supplies to Europe, first of all by African producers, with Algeria and Libya as key exporters. The latter lost its European market in the mid-1980-s because of the international economic sanctions. But this year, after the USA lifted sanctions, Libya has started turning back to Europe. In October 2004, the supplying of Libyan gas via the “Greenstream” marine pipeline to Sicily are the result of a joint project of the largest Italian oil & gas company, ENI, and Libya’s National Oil Co (the cost of the project is 7 bln. euro). Through “Greenstream”, by the end of the year Libya will have exported about 1 bln. cubic m of gas; next year the exports are expected to increase to 8 bln. cm. Some of this gas will be consumed in Italy and the rest re-exported to other European countries.

Russian Gazprom will not only remain one of the key gas exporters to Europe, but will also expand its presence there (at the expense of supplies to its traditional clients), for example Greece, where Gazprom will cover more than 80% of the country’s gas imports and of the new projects (North-European gas pipeline via the Baltic).

In the medium and long-term, the position of pipeline gas in Europe will be challenged by liquefied natural gas, closely connected to the active offshore exploration. According to the International Energy Agency, LNG demand will have exceeded the demand for other energy resources by 2030. Besides, world LNG demand will increase by as much as 5 times and pipeline gas demand will only double.

Now, most LNG trade is with the Asia-Pacific region, although about 30% of world imports covers just seven West European states, with France as a leader (it imports almost 11 mln. tn). The European LNG market is considered to be much more lucrative in comparison to the Pacific one. By 2010, LNG demand in Europe will have doubled to 50-60 mln. tn, as can be seen from active construction of new re-gasification terminals: there are eleven projects at a different stage of readiness. Europe already has thirteen terminals in operation - most of them are in Spain, France and Turkey. Belgium, Cyprus, Italy, Greece and Portugal have one terminal each.

Nevertheless, a substantial turn to gas in the energy balance of the main European consumers that could really challenge oil, is still a scenario of the future. And now they have to face the serious problems of uninterrupted oil supply to the refineries. The European Union’s energy strategy aims at gradually diminishing dependence on Middle East oil and drawing on other sources - Kazakh and Russian producers, in particular.



With the latter ones, there is a problem of delivery of oil to its consumers and this is connected in turn to the problem of the Black Sea Straits. Many assessments have been made of this issue, but it has certainly not arisen merely because of the threat to the environment, and is, rather, used by the Turkish authorities to promote the economic and political interests of their country.



According to the Turkish Maritime Pilot Association, the number of tankers passing through the Straits doubled between 1999 and 2002. However, it is worth noting that the growth in traffic was caused not only by the increased production in the exporting countries of the Black Sea, but was mainly provoked by Turkey itself. The constant toughening of regulations for vessels passing through the Straits made traders increase the use of tankers of medium deadweight, to their own detriment.

The capacity of the Straits is an issue of a long-lasting discussion between the main participants of oil traffic there - Russia and Turkey, in particular. The data on the volume of oil and oil products transported through the Straits, varies markedly: according to the Turkish data, it amounts to 140 mln. tn for 2003, while the Russian sources for 2003, put it at no more than 80 mln. tn. The “traffic jams” are caused by the very poor organization of the vessel traffic itself.

Be that as it may, the situation in the Bosphorus at the end of 2003, when the vessels had to wait at the entrance of the straits for up to three weeks, and when traders and final consumers (the European

refineries) lost hundreds of thousands of dollars, made the parties involved again begin considering various alternative projects.

Turkish interests in this matter have not changed for many years and focus on the Baku-Tbilisi-Ceyhan (BTC) pipeline that was intended to transport oil from the Azeri, Chirag and Gunesli oil fields in Azerbaijan. It is obvious now that the potential of these fields is not enough for the normal loading of the pipeline, and there have been no new discoveries in the Azeri offshore sector recently, so only the companies involved in oil exploration in Russia and Kazakhstan can help BTC cover the pipeline's construction and operation cost.



From this point of view, the toughening of regulations on the Straits oil traffic by Turkey can be considered as an instrument of pressure on the above-mentioned states, in order to make them re-orientate a part of their oil export to Baku-Ceyhan.

Negotiations with Kazakhstan have been conducted for the last two years. Russia, in its turn, has proposed some ways of connecting the transporting systems of the state oil pipeline monopoly, Transneft and BTC. They vary from a reversed use of the Baku-Novorossiysk route (that has been used for exporting the oil of the Azeri State Oil Company via the Russian Black Sea port) - which is viable theoretically - to the more utopian project of a pipeline from Novorossiysk to Georgia. The new Georgian President Mikhail Saakashvili went even further, and during his visit to Moscow in February 2004 proposed that Russia build a pipeline (Novorossiysk-Ceyhan) parallel to Baku-Ceyhan. This proposal by the Georgian leader also reveals his geostrategic objectives, which seem to fully coincide with those of the United States and Ankara, and which conflict with Russian geostrategic views.

The fact that Turkey has been increasingly active raising a problem concerning the safety of the environment of the Straits only in BTC's interest, became evident during the official visit of the Russian President Vladimir Putin to the country in December 2004. The Russian proposal to improve the passage of vessels in the Straits and to involve Russian specialists, has not endangered any serious reaction from the Turkish side. What is more significant was its reaction to the Kiykey-Ibrikhaba pipeline project that has been actively (and unexpectedly for everyone) promoted by Russian Transneft since early 2004.<sup>1</sup> The Turkish "counter-proposal" was the Samsun-Ankara-Ceyhan route, aimed at securing extra oil supplies for the same BTC.

The benefits for Turkey and Georgia from the new transit volumes are evident. However, for the Russian companies, the use of Ceyhan as a Bosphorus "bypass" is the least interesting proposal among all they have for the moment.

Until recently, the Bourgas-Alexandroupolis pipeline has been considered to be the most attractive bypassing project for Russia.<sup>2</sup> It has been ten years since it was proposed. In 2002, after many years of protracted talks, the process seemed to have got off the ground: Russia, Greece and Bulgaria signed an intergovernmental agreement on the establishment of a consortium and agreed on shares of their participation in the project.

#### Proposed Export Routes



The positive dynamics in the development of the project in 2002 were likely caused by the efforts of the Russian Lukoil (together with the Greek family company Latsis Group) to buy a part of Hellenic Petroleum from the Greek government. The connection between these two events can be proven not only by the time coincidence, but also by the participation of Latsis Group and Hellenic Petroleum in the financing of the feasibility study for the project.



Lukoil's chances in Greece in 2002 had every prospect for success (especially, if we take into account that the consortium of Lukoil and Latsis Group were the only bidders for Hellenic Petroleum). However, in early 2003, the Greek government rejected the deal with Lukoil. In the official statement on the issue, it was said that the proposal was unacceptable from the point of view of Greek national interests and that the government would search for an alternative foreign partner for Hellenic Petroleum.

Then things took an unexpected turn: the same Latsis family, but without Lukoil, became a partner of Hellenic Petroleum.<sup>3</sup> As for the pipeline, the project was shelved again after the failure of the Russian company.



In September 2003, the matter was discussed by Lukoil president, Vagit Alekperov, and Vladimir Putin. The former pointed out the Greek position on the transport tariff as the main obstacle for the project and underlined that the key issues had been already coordinated with Bulgaria. In order to expedite the deal, Alekperov proposed to involve Transneft to come to a transport tariff.

Therefore, at the beginning of 2004, Transneft started to promote the Kiykey-Ibrikhaba route.<sup>4</sup> Comparing this proposal with Bourgas-Alexandroupolis, it should be noted that neither Kiykey nor Ibrikhaba currently have a port infrastructure. On the other hand, the Bulgarian-Greek proposal, entails only the Alexandroupolis terminal having to be constructed from the very beginning. This fact, as well as a very high capacity, renders the Turkish project very expensive.

In this connection, the question is if Russia (i.e. state Transneft) is demonstrating its interest concerning the above project in order to strengthen its positions at the talks on Bourgas-Alexandroupolis. There has already been a precedent in Russian practice: in the early 1990-s, Gazprom positioned a gas pipeline (Yamal-Europe) bypassing Ukraine, where Russia had permanent problems with transit; now Gazprom is designing a TransBaltic gas pipeline that is to be a bypass not only Ukraine, but Byelorussia and Poland as well.



There is definitely a possibility that Transneft has revealed its Kiykey-Ibrikhaba project in order to create competition between the two projects, as from the very beginning there has been little hope that the Turkish administration, being busy with Baku-Ceyhan, will approve a project that can be competitive for BTC.

The problem of the Black Sea Straits has not yet been solved. However, Russia has some scope to increase its oil traffic. First of all, there is the Baltic Pipeline System of Transneft, which can reach its full capacity (62 mn. tn per year) in 2005. Secondly, its Croatian



deepwater port of Omisal (the project of integration of the Druzhba and Adria pipeline systems). Thirdly, there is a project (West Siberia-Murmansk), lobbied by the leading Russian oil producing companies. Lukoil also supported the route and has recently called it the most prospective one for the company's oil exports. The Murmansk project - if it is realized - can deprive Europe of its monopoly for Russian oil purchases and will help solve the problem of the Black Sea Straits.

However, the project does not have much chance of success (though there is real interest by the Russian companies to export their oil to the USA from the deepwater Murmansk port). At the same time, the weakening of Russian oil and (political) interests in the Black Sea region is unlikely, if not impossible. The Black Sea transit is the best export route for hydrocarbons from the Russian Caspian sector, and perhaps for the whole of the North Caspian region. In this connection, the solution of the problem of the Straits is the necessary condition to use this route. It is evident that after BTC starts its operation, Turkey will intensify its actions against tankers in the Straits. In this sense, the "Bourgas-Alexandroupolis" project has a real chance to become the solution to the problem.

The recent activity of the events over the project has been handled by the experts with restraint.<sup>5</sup> The negotiations between the Russian President Putin and the Greek Prime Minister Mr. Karamanlis that took place in Moscow in December 2004, did not make the situation over the future of the project any clearer. We cannot deny that among many Bosphorus bypassing projects<sup>6</sup>, it is the Bourgas-Alexandroupolis project that is the most advantageous for Russia from the geopolitical point of view. And it is logical to assume that the Russian authorities will be guided by the geopolitical interests of the country, while making a decision on overcoming the Bosphorus deadlock. The same interests, will no doubt become the decisive ones for the policy of the oil companies that are likely to participate in the project.<sup>7</sup>

In any case, we should take into account that Russian oil exports are almost completely controlled by the government, and the decision on choosing new export routes is its exclusive prerogative. Thus, the "last word" on the future of Bourgas-Alexandroupolis will be said by the Russian president.

The project could be also promoted by the European Union, and it will be in line with the economic and political interests of the EU, that in the future it can confront the situation when Turkey will control oil traffic from the Caspian region to Europe. However, until now there has not been any essential reaction from the EU authorities, and the European Committee on Transport, Energy and Communications has concentrated its attention on the disputable Ukrainian route Odessa-Brody.<sup>8</sup>



EU support would undoubtedly become a catalyst for the promotion of the Bourgas-Alexandroupolis pipeline, and might help to urge Russia make the final decision positive for the project, as when the BTC starts its operation, the problem of the Black Sea Straits will aggravate. Whatever happens, the very decision is likely to be topical in the foreseeable future.

# Notes

---

**1** The idea of the very project is far from being a new one: once it was considered as an alternative route to Baku-Ceyhan and was more efficient as far as environmental issues were concerned.

**2** The initial annual capacity of this pipeline, according to the feasibility study contractor (the German ILF) is 23 mn. tn, the general capacity can be 35 mn. tn. The cost of the project is \$ 700 mn approximately.

**3** In May 2003 Latsis made a deal with the Greek government on a two-step unification of the oil shares. On the first step, Pan European Oil & Industrial Holding, 100% family property, was to buy 16.65% of Hellenic Petroleum from the state. On the second step, Hellenic Petroleum was to merge Petrola Hellas, that owns the third biggest refinery in the country and is run by Pan European Oil & Industrial Holding. The merger of Hellenic Petroleum and Petrola Hellas was approved by the shareholders meeting in September 2003. According to the final results of the whole project, the Greek government is to control 35.5% of the united company, Pan European Oil & Industrial Holding - 24.7% and 31.6% of the united company will belong to the minor shareholders, so Latsis Group has an opportunity to consolidate a controlling block of shares of Hellenic Petroleum.

**4** The route is 913 km long, the planning capacity is 69 mn, tn per annum. The proposed cost

is \$913 mn. It is worth pointing out that according to the Russian Ministry of Industry and Energy, the volume of oil transported through the Bosphorus Strait in 2003 was 62 mn. tn - i.e. Transneft is planning Kiykey-Ibrikhaba, meaning 100% of Russian transit volumes in the Straits.

**5** It is mostly connected with the fact that most of the Russian companies sell their oil at ports on FOB conditions therefore the routes that provide oil transfer from one of the Black Sea ports and its transporting by pipeline to a port located on the "other side" of the Straits cannot get guarantees of loading. The solution of the problem of loading for bypasses require the change of the conditions of current contracts or their orientation at using a special route when new contracts are to be signed. In other words, in spite of the recent agreements between Russia, Greece and Bulgaria, guarantees of loading for Bourgas-Alexandroupolis can create a problem for investments.

**6** There are about 10 of them now. The Bourgas-Vlore and Constanza-Omisal can be competitive for Bourgas-Alexandroupolis.

**7** Thus, in case of a positive decision of the Russian government that makes the realization of the Bourgas-Alexandroupolis possible, Lukoil is most likely to join the project. It is still this company that can

be considered as the main oil supplier for the pipeline, being the key producer in the Russian Caspian sector. Besides, the fact that ConocoPhillips, which is in oil exploration projects in Kazakhstan, is now one of Lukoil's shareholders, make it possible to assume that both of the companies mentioned will pursue a joint policy. That means that Conoco's oil that will be transported via the Caspian Pipeline Consortium route can get to Bourgas.

Besides, Lukoil is unlikely to let its relations with the government strain Bourgas-Alexandroupolis. In the context of the situation over Yukos, Lukoil's management evidently prefers mutually advantageous cooperation with the authorities instead of resistance (as it happened in late 2001 when Lukoil tried to join the Baku-Ceyhan project). Now Lukoil's oversea projects are promoted and lobbied at the governmental level and this would be very useful to Athens, should it take it into consideration.

**8** The Odessa-Brody oil pipeline was constructed in 2001 in order to transport Caspian oil to Europe (it was proposed to extend the route to Gdansk via Plock). It is the first and the only one pipeline in the world that has been built without any guarantees of oil supplies. All efforts to make the oil companies use it have been unsuccessful so far. The Russian proposal to use the pipeline in "reversal" way (to transport oil to the Black Sea ports) was strongly objected to by the USA and the European Union. But it was this proposal that was finally accepted by the Ukrainian government in 2004 as the further demurrage would simply make the pipeline worthless. In their turn neither the USA, nor the EU, that had warned Ukraine against the "Russian expansion" has given sufficient financial support to extend the route to Gdansk and to start transporting oil to Europe.