

Geo-economic Conflict between Russia and the EU over the Gas Market Regime

What are the causes of the conflict?

Nikita Odintsov

Charles University in Prague

- Geo-economics (many definitions): (Luttwak, Gilpin, Huntington...)
 - Contradictions between the logic of economy & logic of politics + unequal development → dynamism

- Sources of geo-economic conflict

1. Distribution of relative gains
2. Asymmetry of interdependence
3. Perspective of future cooperation
4. Regulation of the market

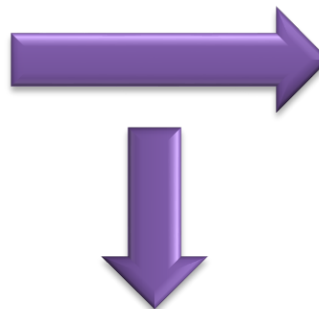
Resource rent → Vertical & horizontal integration: forward vs. backward

Proprietary
Regulatory

→ Vertical *dis*integration

Groningen model (favored by Gazprom)

- Long-term supply contracts
- Oil indexation

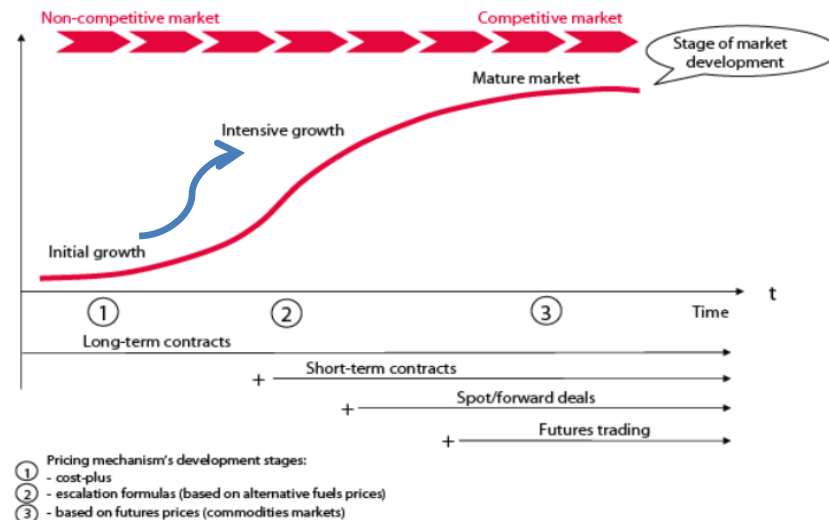


Gas Target Model (favored by the Commission)

- Spot market

Conflict – EU vs. Gazprom

control of pipelines, current supply & delivery contracts + delivery points



Source: "Putting a Price on Energy: International Pricing Mechanisms for Oil & Gas", Enerav Charter Secretariat, 2007