

Understanding Gazprom

- a doctrinal perspective

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Significance



Significance of Gazprom is obvious to all

- if not before Jan '06, then certainly now
- huge amounts of gas + money at stake
 - and European energy security-of-supply

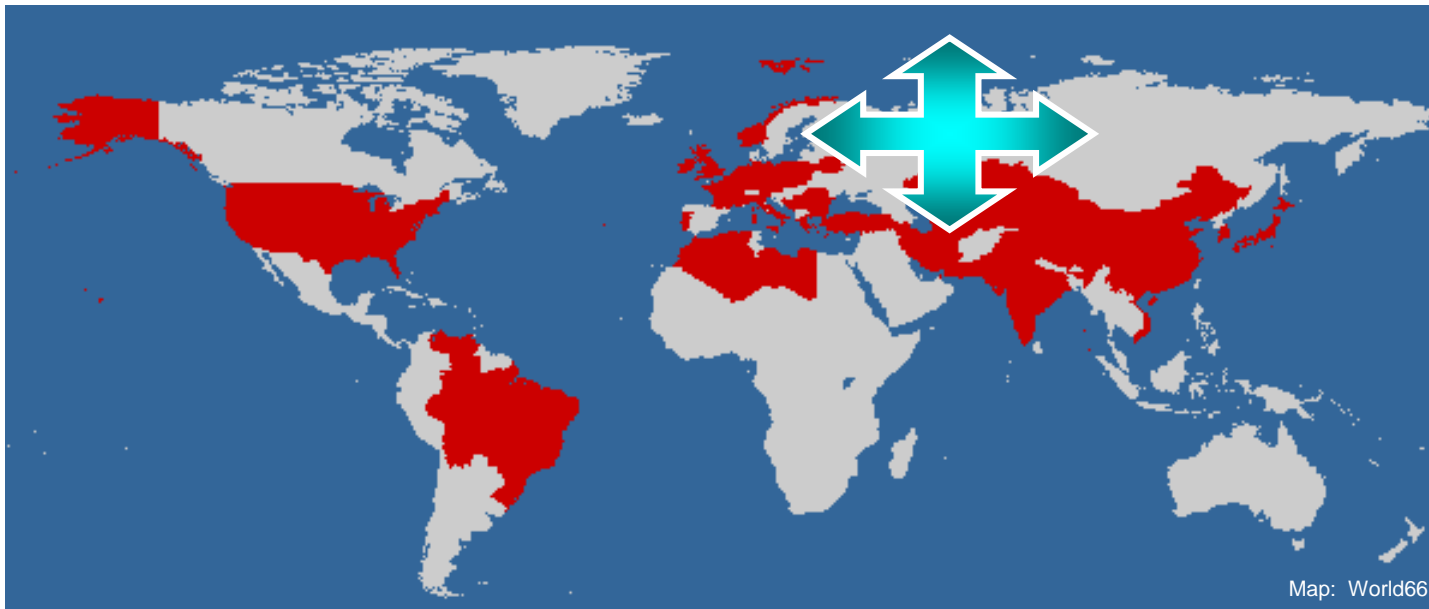


But often approached with considerable naïvety ...

The puzzle



- 2006: Gazprom pursuing initiatives in 41 countries !
- requires enormous management bandwidth etc:
- *how is this possible ?* Needs careful explanation
- and *what does it mean ?*



Answers ?



Some partial explanations

- Gazprom now an active part of Russian state apparatus, resources:
 - *nash dom, Gazprom*
- activities are not all substantive
- activities do not require major resources (esp cash – others will pay !)
- everyone desperate to do business with Gazprom
- easier for Gazprom than for western companies – *kto kovo ?*

All contain important insights:

- but don't fully explain the management bandwidth issue
- and need to be understood in strategic context

Another angle



Use of military-doctrinal perspective

- military jargon all too common in business, often unsatisfactory
- used here NOT as casual metaphor, but as precise parallel

Particularly interesting in Gazprom's case

- Russian doctrine well-developed, openly debated
- history of success (by its own lights, on its home ground)
- many Russian energy strategists likely to be wholly conversant

Also – Russians often much better at it than western businessmen !



Backdrop: vast, open expanse of steppes

- contrast with more varied western topography
- leads to emphasis on 'chess' problem:
 - *how to prevail when everything is obvious to both sides ?*

First doctrinal point:

No such thing as strategic surprise – so must create tactical surprise

Immediate application:

No surprise when Russia leverages resource-base uncompromisingly

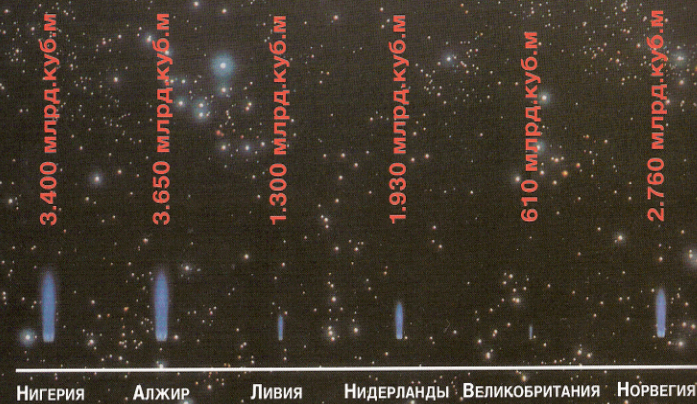
- see Sakhalin & NordStream this week !
- but expect many tactical surprises (e.g. Ukraine ...)

No surprise ...



Обзор имеющихся в настоящее время источников поставок природного газа в Европу дает возможность оценить источники газоснабжения европейских стран в следующем столетии.

Именно поэтому реализация проекта "Ямал-Европа" начинается уже сегодня.



Надежность снабжения обеспечивается запасами газа.

Diag: Gazprom

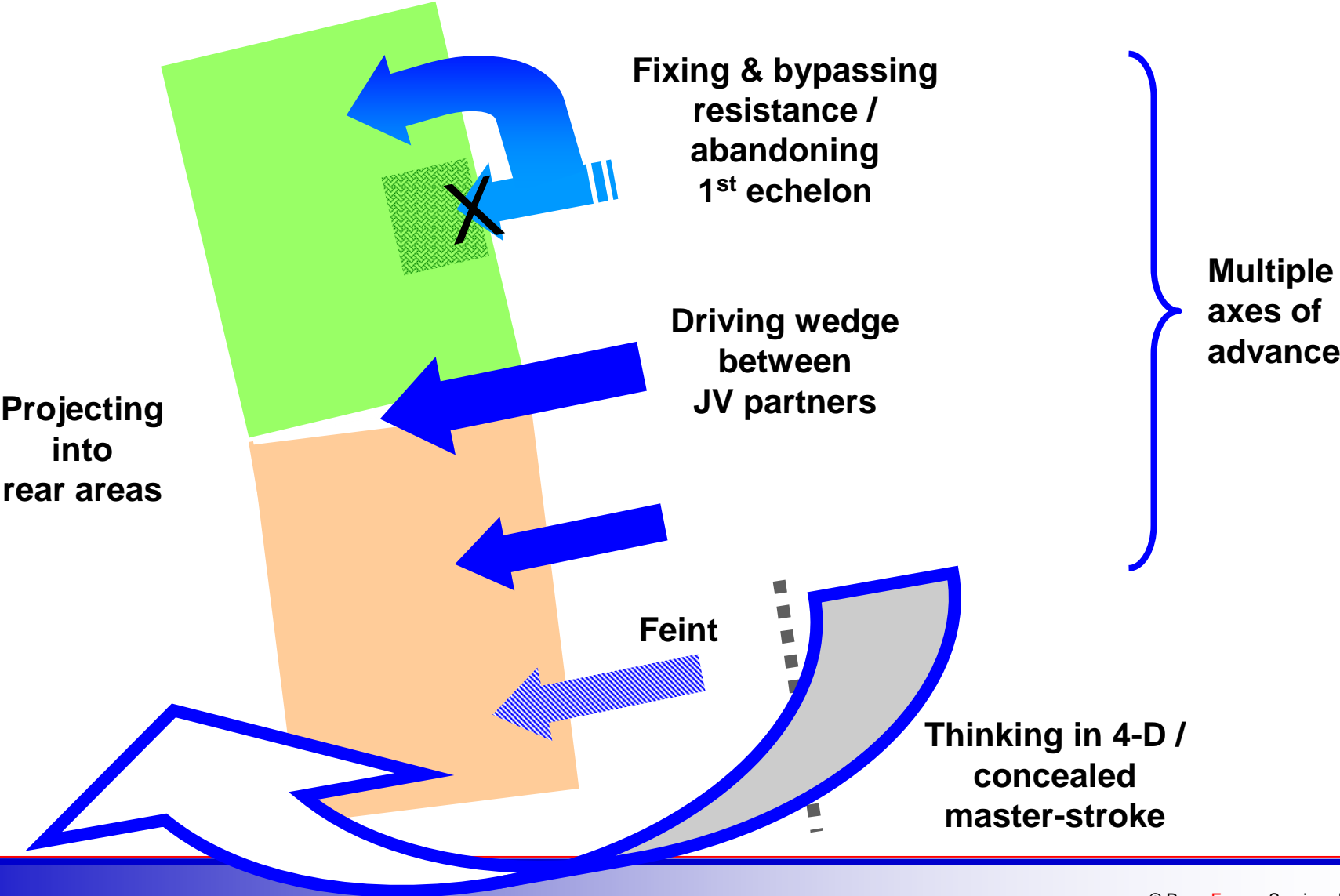


Precepts



- use of depth / thinking in 4-D
- project into opposing rear areas
- multiple, simultaneous axes
- speed, to 'condition the battlefield'
- manoeuvre resources to maximise
- firepower, through coordination
- 'fix and by-pass' resistance
- abandon first-echelon forces
- end coalition after early usefulness
- drive wedge between JV partners
- disguise true intent - '*maskirovka*'

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- **LNG swaps**
- **downstream; finance; tech**
- **... in 41 countries !**
- **LNG roll-out**
- **using others' cash**
- **the 'mega-agency'**
- **NEGP vs Bratsvo**
- **HydroWingas**
- **Ruhrgas**
- **Sakhalin**
- **NB !**

What does it mean ?

- at the highest level – it's obvious – a resources-based power play
- campaign of simultaneous advance on multiple axes is basic
- possible readings of 'opposing rear areas':
 - downstream margins
 - finance
 - technology

How is it possible ?

- easier for Gazprom anyway
- coherent strategy brings efficiency
- firepower from coordination; maximisation from manoeuvre
- fix-and-bypass to avoid becoming mired
- *maskirovka* / feints: not everything is as it seems



What is real ?

- follow the Gazprom \$
- maybe Gazprom hasn't fully decided yet

What surprises in store ?

- think carefully about 'fix-and-bypass'
- watch for the concealed master-stroke

What should western companies & governments do ?

- take doctrine & strategy seriously !



Thank you

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