

An aerial photograph of a vast, flat, snow-covered landscape, likely a tundra or coastal plain. A long, winding pipeline with several support towers or valves runs diagonally across the scene from the bottom right towards the top left. The pipeline is a light grey color, contrasting with the white snow. The sky is overcast and grey.

COLD WAR ENERGY

A Transnational History of Soviet Oil and Gas

Edited by | Jeronim Perović



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PREFACE BY THE EDITOR

The history of the Cold War remains incomplete without taking into consideration the role of Soviet energy, in particular in relation to oil and natural gas. The various Soviet campaigns to extract natural resources in ever-larger quantities were means to support the needs of the country's military as well as its energy-intensive economy. However, Soviet energy exports also served as an important tool in Moscow's project to integrate the socialist states of Eastern Europe into a single economic space. With regard to the states of the capitalist West, Soviet energy export largely served the purpose of gaining access to technology and hard currency. While the growing share of "red" oil and gas in European energy consumption was viewed with suspicion in the West, Moscow too had reservations about the prospect of the Soviet Union becoming increasingly dependent on foreigners for technology inputs and hard currency. During the period of détente in the 1970s, however, trade in energy was to become the main driver of Soviet–West European economic cooperation, eventually evolving into the kind of East–West energy interdependence that determines relations between Russia and Europe to this day.

If anything, the Soviet Union was a rather reluctant energy power. Considering only official statistics, the story of Soviet energy is one of success, as oil and gas extraction and export figures rose year by year, making the Soviet Union one of the world's leading international energy powers. But in actual politics, the issue of energy was more often a burden rather than an asset. The image portrayed in the West during the Cold War about the Soviet Union trying to use energy as a political weapon, as a way

to tighten its grip over its Eastern European allies and counter American influence in Western Europe, is at least partly misleading and in need of revision. Also, the view that Soviet energy policy was generally driven by an expansionist geopolitical agenda ignores the fact that the Soviet Union repeatedly faced domestic energy shortages, and Moscow saw cooperation with Western companies and states as a way to overcome internal economic problems. In East–West relations, Soviet energy was at times a cause of tension and confrontation, but much more often a political “softener.” The Iron Curtain was a dividing line between East and West, but nowhere was this curtain more porous than in the domain of energy flows.

This book takes a fresh look at international relations during the Cold War, challenging some of the long-standing assumptions of East–West bloc relations, as well as shedding new light on relations within the blocs regarding the issue of energy. By bringing together a range of junior and senior historians and specialists from Europe, Russia and the US, this book represents a pioneering endeavour to approach the role of Soviet energy during the Cold War in a comprehensive manner, putting it into a transnational perspective.

The research for this volume was originally undertaken for a conference titled “Oil, Gas and Pipelines: New Perspectives on the Role of Soviet Energy During the Cold War.” This event, which took place at the University of Zurich on January 14–16, 2015, was organized by Jeronim Perović together with Dunja Krempin and Felix Rehschuh from the Department of History of the University of Zurich, and was financed by the Swiss National Science Foundation (SNSF) and the Hochschulstiftung of the University of Zurich. This book contains a selection of papers, which were first presented at this international conference. The authors revised their papers based on discussions during the conference, the editors’ comments and the inputs provided by an anonymous reviewer.

The editor would like, in particular, to thank all participants of the conference who provided useful comments to the authors in preparing the resultant chapters. They were Margarita Balmaceda, Alain Beltran, Elisabetta Bini, Nada Boškowska, Roberto Cantoni, Natalia Egorova, Falk Flade, Rüdiger Graf, Jussi Hanhimäki, Per Högselius, Niklas Jensen-Eriksen, Suvi Kansikas, Galina Koleva, Dunja Krempin, Giacomo Luciani, Lorenz Lüthi, Viacheslav Nekrasov, David Painter, Tanja Penter, Felix Rehschuh, Oscar Sanchez-Sibony, Benjamin Schenk, Hans-Henning Schröder, Andreas Wenger, and Jean-Pierre Williot.

The editor would like to thank Dunja Krempin and Felix Rehschuh for their help in organizing this conference, and Felix Frey, Regina Klaus, Tom Koritschan, and Markus Mirschel for their logistical support during the event. Christopher Findlay and Tom Koritschan provided valuable help in the preparation of this book. The editor would also like to thank Molly Beck, Dhanalakshmi Jayavel, and Oliver Dyer at Palgrave Macmillan for their support during the publication process.

September 2016

Jeronim Perović

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“Industrial Diplomacy and Economic Integration: The Origins of all-European Paper Cartels, 1959–72,” *Journal of Contemporary History* 46, 1 (2011), 179–202, and “Lost at Sea: Finnish Government, Shipping Companies and the United Nations Embargo against China during the 1950s,” *Scandinavian Journal of History* 38, 5 (2013), 568–89.

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LIST OF ABBREVIATIONS

AAM	Archivio Aldo Moro
AAN	Archiwum Akt Nowych
AAPBD	Akten zur Auswärtigen Politik der Bundesrepublik Deutschland
ACS	Archivio Centrale dello Stato
ADMAE	Archives diplomatiques du Ministère des Affaires Étrangères
AFP CD	American Foreign Policy: Current Documents
AGDF	Archives of Gaz de France
AGIP	Azienda Generale Italiana Petroli
AHTOTAL	Archives historiques du Groupe Total
AIOC	Anglo-Iranian Oil Company
AN	Archives Nationales
ANIC	Azienda Nazionale Idrogenazione Combustibili
APG	Associated petroleum gas
ASENI	Archivio storico ENI
ASMAE	Archivio storico del Ministero degli affari esteri
AVPRF	Arkhiv vneshnei politiki Rossiiskoi Federatsii (Foreign Policy Archive of the Russian Federation)
BArch	Bundesarchiv
bcm	Billion cubic meters
BP	British Petroleum
bpd	Barrels per day

BstU	Bundesbeauftragte für die Unterlagen des Staatssicherheitsdienstes der ehemaligen Deutschen Demokratischen Republik (Federal Commissioner for the Records of the State Security Service of the former German Democratic Republic)
BT	Board of Trade
BTU	British thermal unit
CAB	(British) Cabinet
CAMT	Centre des Archives du Monde du Travail
CAP	Common Agricultural Policy (of the European Community)
CC	Central Committee (of the Communist Party)
CCP	Common Commercial Policy (of the European Community)
CEE	Central and Eastern Europe
CEEC	Central and Eastern Europe Countries
CERI	Centre des Recherches Internationales
CFP	Compagnie française des pétroles
CIA	Central Intelligence Agency
CMEA	Council for Mutual Economic Assistance (also referred to as Comecon)
CNRS	Centre National de la Recherche Scientifique
CoCom	Coordinating Committee on Multilateral Export Controls
Cominform	Communist Information Bureau
CPSU	Communist Party of the Soviet Union
CREST	CIA Records Search Tool
CSCE	Conference on Security and Cooperation in Europe
CWIHP	Cold War International History Project
d.	Delo (file)
DABA	Deutsche Aussenhandelsbank (German Foreign Trade Bank)
DC	Democrazia Cristiana (Christian Democratic Party)
DDEL	Dwight D. Eisenhower Library
DIA	Defense Intelligence Agency
DM	Deutsche Mark
DPT	Direction Production Transport
EC	European Community
ECONAD	NATO Committee of Economic Advisers
ECSC	European Coal and Steel Community
EEC	European Economic Community
EIA	Energy Information Administration
ENI	Ente Nazionale Idrocarburi
ESGC	Economic Steering (General) Committee
EU	European Union
EURATOM	European Atomic Energy Community
f.	Fond (fund)

FCC	Fuel Coordination Committee
FIAT	Fabbrica Italiana Automobili Torino
FO	Foreign Office
FOIA	Freedom of Information Act
FRG	Federal Republic of Germany
FRUS	Foreign Relations of the United States
GARF	Gosudarstvennyi arkhiv Rossiiskoi Federatsii (State Archive of the Russian Federation)
Gazprom	Gazovaia promyshlennost' ("Gas Industry," in Soviet times referring to the Gas Industry Ministry; since 1993 referring to the Gazprom Joint Stock Company)
GDF	Gaz de France
GDR	German Democratic Republic
Giprotruboprovod	Gosudarstvennyi institut po proektirovaniu magistral'nykh truboprovodov (State Institute for the Planning of Main Pipelines)
GKO	Gosudarstvennyi komitet oborony (State Defense Committee)
Glavgaz	Glavnoe upravlenie gazovoi promyshlennosti pri Sovete Ministrov SSSR (Main Directorate of the Gas Industry at the Council of Ministers of the USSR)
gm ³	Cubic gigameter (one billion cubic meters)
Gosekonomsovet	Gosudarstvennyi ekonomicheskii sovet (State Economic Council)
Gosplan	Gosudarstvennyi planovyi komitet (State Planning Committee)
HMG	Her/His Majesty's Government
IBEC	International Bank for Economic Cooperation
IEA	International Energy Agency
IEMSS	Institut ekonomiki mirovoi sotsialisticheskoi sistemy (Institute for the World Socialist Economic System)
IIB	International Investment Bank
IMF	International Monetary Fund
IOP	Interdepartmental Working Party on Oil Policy
IROM	Industria Raffinazione Olii Minerali
ITMBM	Italian Embassy in Moscow
JCL	Jimmy Carter Library
JFKL	John F. Kennedy Presidential Library
km	Kilometer
km ²	Square kilometer
KPdSU	Kommunistische Partei der Sowjetunion (Communist Party of the Soviet Union)

KPSS	Kommunisticheskaia Partiiia Sovetskogo Soiuza (Communist Party of the Soviet Union)
kt	Kilotons
kV	Kilovolts
kWh	Kilowatt hour
I.	List (page)
II.	Listy (pages)
LATTS	Laboratoire Techniques, Territoires et Sociétés
LÉA	L'Équipe Alimentation
LNG	Liquefied natural gas
LPG	Liquefied petroleum gas
m ³	Cubic meter
MAEF	Ministère des Affaires Étrangères
MEGAL	Mittel-Europäische Gasleitung
MFA	Ministry of Foreign Affairs
MFN	Most Favored Nation
mm	Millimeter
Mtep	Million tonne d'équivalent pétrole
MOP	Ministry of Power
MW	Megawatt (one million watt)
NAC	North Atlantic Council
NAM	Nederlandse Aardolie Maatschappij
NARA	National Archives and Records Administration
Narkom	Narodnyi komissar (People's Commissar)
Narkomindel	Narodnyi komissariat po inostrannym delam (People's Commissariat for Foreign Affairs)
Narkomneft'	Narodnyi komissariat nefiiannoi promyshlennosti (People's Commissariat for the Oil Industry)
NATO	North Atlantic Treaty Organization
NATOA	Archives of the North Atlantic Treaty Organization
NEP	New Economic Policy
NIOC	National Iranian Oil Company
NSC	National Security Council
NSW	Non-Socialist World
OAPPEC	Organization of Arab Petroleum Exporting Countries
OCRS	Organisation commune des régions sahariennes
OECD	Organization for Economic Coordination and Development
OMV, ÖMV	Österreichische Mineralölverwaltung (abbreviated OMV since 1994)
OPEC	Organization of Petroleum Exporting Countries
op.	Opis' (inventory)
ORE	Office of Records and Estimates
OSA	Open Society Archive

p.	papka (folder)
PAAA-MfAA	Politisches Archiv des Auswärtigen Amtes, Bestand des Ministeriums für Auswärtige Angelegenheiten
PAAF IML	Party Archive of the Armenian Branch of the Institute for Marxism-Leninism of the Central Committee of the Communist Party of the Soviet Union
POWE	Records of the Ministry of Power (in the National Archives of the UK)
PREM	Prime Minister's Office
RAN	Rossiiskaia akademiia nauk (Russian Academy of Sciences)
RG	Record Group
RGAE	Rossiiskii gosudarstvennyi arkhiv ekonomiki (Russian State Archive of the Economy)
RGANI	Rossiiskii gosudarstvennyi arkhiv novoishei istorii (Russian State Archive of Contemporary History)
RGASPI	Rossiiskii gosudarstvennyi arkhiv sotsial'no-politicheskoi istorii (Russian State Archive of Social and Political History)
RO	Working Party on Russian Oil
RRL	Ronald Reagan Library
RSFSR	Russian Soviet Federative Socialist Republic
SAPMO-BArch	Stiftung Archiv der Parteien und Massenorganisationen der DDR im Bundesarchiv
SDECE	Service de documentation extérieure et de contre-espionnage
SD	State Department/Department of State (of the United States)
SHAPE	Supreme Headquarters Allied Powers Europe
SNE	Soiuznefteksport (Soviet Union's oil export company)
SNK	Sovet narodnykh komissarov (Council of People's Commissars)
SNSF	Swiss National Science Foundation
SONJ	Standard Oil of New Jersey
Sovnarkhoz	Sovet narodnogo khoziaistva (Council of National Economy, usually translated as Regional Economic Soviet)
SSR	Soviet Socialist Republic
SSSR	Soiuz Sovetskikh Sotsialisticheskikh Respublik (Union of Soviet Socialist Republics)
SUR	Soviet Union ruble
SUR/t	Soviet Union ruble per ton
T	Treasury
TAG	Trans Austria Gasleitung
TAP	Transalpine Pipeline
TCE	Tons of oil equivalent
TNA	The National Archives (of the United Kingdom)
TPES	Total primary energy supply

TSK	Tsentrāl'nyi komitet (Central Committee)
TSUSM	Tsentrāl'noe Statisticheskoe Upravlenie pri Sovete Ministrov
UK	United Kingdom
UN	United Nations
US	United States
USMBR	US Embassy in Rome
USSR	Union of Soviet Socialist Republics
VAC	Value-added chain
VKP (b)	Vsesoiuznaia Kommunisticheskaia Partiia (bol'shevikov) (All-Union Communist Party (bolsheviks))
WAG	West Austria Gasleitung

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The Soviet Union's Rise as an International Energy Power: A Short History

Jeronim Perović

In no other domain are Russia and Europe linked together as closely as in the area of energy. Over the course of the twentieth century, energy flows between East and West have overcome ideological barriers, wars, and sanctions. Soon after the Bolsheviks seized power in 1917, they emulated the approach of their Tsarist predecessors by exporting oil produced in the Caucasus to the capitalist West in order to buy Western technology necessary for Soviet industrialization. In the 1930s, a failed energy policy markedly decreased the Soviet Union's importance as an oil supplier to international markets. During World War II, the Soviet Union even had to import fuel, particularly for aviation, from the United States (US). Intensive efforts to develop new oil fields in the Volga-Ural region re-established the Soviet Union's significance on the European oil market from the late 1950s onward.

In the frosty atmosphere of the early Cold War period, the Soviet "oil offensive," as it was sometimes called in the West, stirred fears of Moscow's growing influence over European affairs, prompting the North Atlantic Treaty Organization (NATO) to advise its members to show restraint in purchasing Soviet oil. In 1962, the Western Alliance even imposed an embargo on the sale of steel pipes and pipeline technology to the Soviet Union. Despite these measures, Western Europe's imports of Soviet oil increased steadily, and the embargo was lifted in 1966. Especially the global

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energy crises of the 1970s led many West European countries to perceive energy supplies from the Soviet Union as more reliable than those from the crises-ridden Middle East, allowing the Soviet Union to regain significance as an exporter of oil, and increasingly also gas, to Europe. At that time, even the US considered a proposal by Moscow to import Soviet gas, and several US companies explored the option of becoming engaged in a large natural gas project in Western Siberia.

While many in the West remained suspicious of the growing share of Soviet oil and gas in European energy consumption, Moscow also had reservations about the prospect of becoming too dependent on foreigners for technology and markets. However, if Moscow wanted to meet the growing energy demand at home, keep supplying its communist allies in Eastern Europe, and continue to ship oil and gas in increasing volumes to costumers in Western Europe and potentially also beyond, the Soviet Union needed to boost domestic production. Faced with stagnating production in existing fields and the prospect of a looming domestic energy crisis, it was only in the late 1970s, however, that the Soviet leadership finally decided to expand investments into energy-rich Western Siberia; apart from oil, the Soviet Union also started to exploit the large natural gas fields in the northern part of the Tiumen' region. In exchange for credits, pipe steel, and technology, some of Western Siberia's gas was shipped directly to Europe via a new export pipeline, marking the beginning of a historically unprecedented expansion of energy relations and laying the foundations for the Soviet Union's rise to becoming Europe's key energy supplier.

Despite the relevance of energy and Russia's role as the most important provider of oil and gas to Europe, surprisingly little research has thus far been conducted on the historical trajectories leading to current interdependencies.¹ While even newer studies on global aspects of the Cold War generally have little to offer in terms of the role of energy,² historians of energy do not typically focus on the Cold War as such and largely exclude the Soviet Union from their global oil histories.³ When Cold War historians did address the energy issue, it has been nearly exclusively from a Western perspective.⁴ However, no meaningful investigation of East–West energy relations during the Cold War is possible without taking into account the Soviet perspective. In particular, there is still very little research based on new archival material on issues such as Soviet strategic thinking about the development of the country's oil and gas sector, the establishment of energy relations within the Soviet-controlled Eastern European communist states, or the various meanings that Soviet leaders have attached to energy as a

factor in their relations with Western Europe and the US. This book will rectify some of these deficiencies.

After a brief analysis of the main trajectories in Soviet energy policy and East–West relations from the early 1920s up to World War II, this essay offers an overview of the Soviet Union's rise as an international energy power during the Cold War. It argues that Soviet decision-making in the sphere of energy politics was influenced and conditioned by a complex interplay of domestic, regional, and global factors: the Soviet Union needed to produce energy in ever-larger quantities not only to fuel industrialization and modernization, but also to sustain its ambitions as a great power. The various Soviet oil and gas campaigns from Stalin to Brezhnev were designed to support the needs of the country's military and its energy-intensive economy. During the Cold War, energy also served as an important tool in Moscow's project to integrate the socialist states of Eastern Europe into a single "energy space" through the construction of an extensive pipeline system. With regard to the capitalist states of the West, the primary function of Soviet energy exports was to gain access to Western technology and hard currency. This access enabled the Soviet Union not only to finance its own energy development projects, but also to buy wheat, and to compensate for the losses it made by providing East European allies with energy below world market prices. Especially in smaller European countries, such as Finland, or certain states of the Third World, energy exports also served as a means of expanding Soviet political influence.

The Cold War certainly loomed large over each step of economic rapprochement between East and West, as concerns over the security implications of increased energy trade and the potential dangers resulting from growing (inter-)dependencies repeatedly emerged in the political discourse on *both* sides of the Iron Curtain. However, the story of the Soviet Union becoming Europe's key energy supplier is ultimately not one that followed Cold War logic—if such a logic is understood as a competition between two opposing political camps, each with its unique economic system and ideological belief. Rather, cooperation was ultimately driven by national economic interests and the challenges presented by the larger regional and global markets. If the Iron Curtain marked the symbolic—and also the physical—line dividing East and West during the Cold War, the increasing flow of energy through an expanding transportation infrastructure, accompanied by a growing amount of direct personal contact at all levels (from engineers and scientists to ministers and heads of state), reveals a different map of Europe. On this map, the border between East and West became