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and Trans-Caspian Gas pipeline (TCP). Gazprom is also targeting at a Cross-Mediterranean route via Libya and Algeria in North Africa. In case of Libya, Kremlin has already used debt forgiveness and arms sales to be successful in its effort to “lock in” supply. As most of the export routes of central Asia to European countries are already under the control of Russia, the cooperative energy equation with North Africa would further strengthen Russia in oil and gas sector.

Putin won over German chancellor Gerhard Shroider for his proposal to construct a gas pipeline under the Baltic Sea directly from Russia to Germany. The Gazprom is to have 51% share in this gas pipeline under the Baltic Sea called Nord Stream Pipeline (also the North European Gas Pipeline (NEGP). Shroider after he ceased to be German chancellor took over as Chairman of this new pipeline company in which two German companies have a share of 24.5% each; Lithuania and Poland are opposed to the construction of the new stream on the pretext of ecology of Baltic Sea. Sweden also insists that the new pipeline must have the approval of all the countries having Baltic Coastline. The new German Chancellor Angela Marcel reassured Poland with an offer to divert gas to Poland with an offer from the German pipeline. Gazprom has plans to take over the Centrica Company of Britain which is the biggest domestic distributor. It is also trying to create a joint venture for gas distribution in China’s domestic market.

Putin seems to be intelligent enough to follow a strategy of keeping Europe divided on energy related issues and striving towards strengthening economic ties with Germany particularly in the area of energy. Germany also seems to be helpless as its dependency on import of Russian gas is on the rise and Germans have limited energy options or alternatives. It is also a historical fact that a
majority of loans extended to the former Soviet Union were issued by German banks. As Kremlin paid off the German debt after bringing stability in the Russian economy, the Germans confidence level towards Russians has gone up. Germany’s business and industrial groups also look at Russia as a lucrative country for business investments and business ventures. On top of this, Germany does not have any strategic gas storage facilities which make German consumers (domestic as well as industrial) of Russian gas much more dependent on Russia for their uninterrupted gas supply.

Putin has been one of the most active Presidents in diplomatic terms. His pragmatism has reflected a more hard-headed view of economic relation allied to the supremacy of national interests. Putin has also clamped down on the oligarchs who rose to influence under Yeltsin, and this has been particularly visible in the economic sphere, specifically energy. According to Putin the economic development of Russia was a ‘national task’ rather than the interests of individual companies. Energy has been used as an instrument of statecraft and diplomacy under Putin’s Presidency.

For Putin geo-economics has become a special form of geopolitical projection in this ever-changing global scenario. The ‘economisation’ has become much more prominent and a clear priority over politics and ideology is visible in formulating the foreign policy under Putin. Therefore, Putin’s administration has consistently emphasised trade not aid, and opening up opportunities for Russian producers in international markets particularly in the sphere of energy.
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