The Nabucco and South Stream gas pipeline projects and the two coalitions promoting them are in a political competition. In this political rivalry, the media has been playing a crucial role. Media is the best way to secure influence over public opinion and this factor becomes extremely important in an era when public opinion plays an increasingly important role in international relations. In this paper, content analysis of two major newspapers, Russian Vedomosti and British The Financial Times, was done in order to analyze how the two coalitions are trying to manage media coverage. As a result, it has been identified that messaging, reporting about “major breakthroughs,” and leaks to the press were all used as tools to influence public opinion.
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1. Introduction

Russia and Europe have become interdependent partners in the energy sector because their proximity to each other and historical background tie them in a mutually beneficial consumer-producer relationship. While Russia is one of the largest energy producers in the world, Europe is one of the world’s largest energy markets with a demand that is expected to grow. The extent of Central and Eastern Europe’s dependence on Russian gas became alarming to European leaders after the two gas crises between Russia and Ukraine in 2006 and 2009. The crises illuminated the vulnerability to gas flow interruptions and were a wake-up call for the European Union to start rethinking its dependence on Moscow. Since 2006, the European Commission has been actively promoting the Nabucco pipeline project that would bring gas from the Caspian region and possibly from the Middle East to European markets. The pipeline is considered to be crucial in order “to meet further demand and ensure both security of supply and supply diversification” (Nabucco: The Project 2011).

Russia has responded by trying to complicate the construction of the Nabucco pipeline. As some experts argue, Nabucco was perceived by Moscow as threatening because Russia “needs a secure market just as the EU needs a secure foundation” (Genc 2009, p. 28). Although Russia has never officially opposed Nabucco, experts argue that the South Stream gas pipeline project was proposed by Moscow in 2007 as a response to Nabucco (Erdogdu 2010, Finon 2011). Today, these projects are in direct competition downstream - for the same markets in the Central and Southern Europe – as well as upstream - for the Caspian resources. Although Russia is itself one of the major energy producers in the world, it is buying out gas from the Caspian region, sometimes paying four times more than in previous years (Finon 2011). It also controls the majority of energy transportation routes from the Caspian region and has no intention to change the status quo. Some observers suggest that Moscow just wants to use the control over export pipelines as political leverage on Caspian countries (Genc 2009). Others argue that Siberian gas fields are in decline, and therefore Gazprom, Russia’s largest gas company, needs Central Asian gas to compensate for a fall in production (Gorst 2007).

Regardless of the reason or combination of reasons, the Nabucco and South Stream rivalry has turned into a political competition with several countries, their national companies, and a multitude of high-profile players involved. As the economist and energy sector expert Dominique
Finon (2011) puts it: “a dynamic game has developed between the coalition led by the European Commission on behalf of the EU and the coalition led by Russia, to be the first to develop a new pipeline with the goal of shipping gas to Central and Southern European markets” (pp. 48-49). He further states that “To each initiative of the Nabucco coalition responds an initiative of the South Stream coalition and vice versa” (p. 49).

In this respect, it is extremely interesting to analyze how this dynamic political game between two coalitions uncovers itself in the press. Both the Nabucco backers and the South Stream promoters have large public relations (PR) machines at their disposal. Considering today’s knowledge about the power of the media to shape people’s understanding of the world, especially regarding international affairs (Manheim and Albritton 1984, Jamieson and Waldman 2003, Brewer, Graf and Willnat 2003), one could expect that PR specialists from both sides are trying to manage this field by creating positive images of their respective projects in order to allocate public support, attract investors, and receive backing from powerful decision makers.

Therefore, the purpose of this paper is to analyze media coverage of the Nabucco and the South Stream projects in order to understand how the political competition is perceived and portrayed by the press. I will try to identify the techniques and strategies that the two coalitions use to influence media coverage of the pipeline projects. To supplement theoretical background with an empirical base, this paper contains a content analysis of Nabucco and the South Stream coverage by two major news papers – Russian Vedomosti and British The Financial Times.

This paper reads as follows. First, I will establish the background of EU-Russia relations and the South Stream and Nabucco projects. I will also answer the question as to why some member states promote the rival South Stream project and some support both despite the fact that the European Commission has explicitly expressed its support for Nabucco. Then I will conceptualize the role of the media as it pertains to the public diplomacy regarding these projects in order to explain why I anticipate that the rivalry between the two gas pipeline projects will find itself in the press. Furthermore, I will analyze the ways in which political actors and other interested parties can manage media coverage. Finally, I will identify the main PR tools that became evident through content analysis of media coverage of Nabucco and the South Stream.

2. The EU-Russian Energy Relations

According to the latest BP Statistical Review of World Energy (2011), Russia possesses the world’s largest natural gas reserves and the seventh largest oil reserves. In 2010, Russia held 44.8
trillion cubic meters (1580.8 trillion cubic feet) of proven natural gas reserves and 77.4 billion barrels of proven oil reserves. As of the beginning of 2011, Russia was the second largest natural gas producer with 588.9 billion cubic meters and the world’s largest oil producer with 10,270 thousand barrels of oil produced daily (BP Statistical Review of World Energy 2011). Russia’s natural gas production grew rapidly in 2010 and increased by 11.6%. Oil production also increased in 2010 by 2.2% (BP Statistical Review of World Energy 2011).

The majority of gas sector in Russia is controlled by the state-run company Gazprom. The U.S. Energy Information Administration (2010) states that Gasprom produces 90% of the total natural gas output and “controls most of the Russian gas reserves, with more than 65% of proven reserves being directly controlled by the company, with additional reserves being controlled by Gazprom in joint ventures with other companies” (par. 20). Gasprom has a monopoly on natural gas export.

In 2009, Russia was the world’s largest natural gas exporter (U.S. Energy Information Administration 2010). About 65% of Russia’s gas and oil exports go to the European Union member states, while the rest is transported to other European countries and Commonwealth of Independent States (CIS) members (Closson, Russia's Key Customer: Europe 2009). Russia delivers the majority of its energy exports through pipelines: 58% of its oil and almost 100% of its natural gas since gas is difficult and costly to transport in any other way (Inozemtsev 2008).

Currently, Russia has ten major gas pipelines, seven of which are export routes (U.S. Energy Information Administration 2010). Four gas pipelines, the Yamal-Europe, Northern Lights, Soyuz, and Bratsvo (Brotherhood), transport gas to Europe via Ukraine and Belarus. Their combined capacity is 4 trillion cubic feet (U.S. Energy Information Administration 2010). The Nord Stream twin pipeline system transports gas directly from Russia to Germany under the Baltic Sea. Nord Stream’s first line was finished at the end of 2011. When second line is constructed by the end of 2012, Nord Stream’s total capacity will be 55 billion cubic meters (Nord Stream 2012). Russia’s other three pipelines, the Blue Stream, the North Caucasus, and the Mozdok-Gazi-Magomed pipeline, transport Russian gas to Turkey and former Soviet republics (U.S. Energy Information Administration 2010).

With regard to oil, as of 2010, 80% of Russia’s petroleum exports were sent to Europe, particularly to Germany and the Netherlands (U.S. Energy Information Administration 2010). The rest was shipped to Asia and the United States. Russia’s oil export pipelines include the Druzhba (Friendship), the Baltic Pipeline System, the North-Western Pipeline System, the Baku-Novorossiisk, and the Tengiz-Novorossiisk. The first four of these are operated by the state-run company Transneft, which controls 90% of all petroleum transports in Russia.
I should point out that the Russian economy is highly dependent on the revenues from its hydrocarbons since about 30% of Russia’s GDP growth is attributed to the natural resource sector (Closson, Russia’s Key Customer: Europe 2009). According to the World Energy Agency analysis, the oil and gas sector accounted for about 24% of the country’s GDP in 2011 (World Energy Outlook 2011).

European countries are as dependent on their energy-rich neighbor as Russia is dependent on the European energy market. The European Union produces only 48% of its energy needs (Directorate-General for Energy 2011). In 2009, it imported 83.5% of its oil needs and 64.2% of its gas needs. The dependence on foreign supply is steadily growing because the resources of the North Sea are declining (Nanay 2009, BP Statistical Review of World Energy 2011). Over the last 20 years, the energy production by the EU decreased by 13% (Directorate-General for Energy 2011). It is anticipated that by 2030 the EU will have to import up to 93% of its oil needs and up to 84% of its gas needs.

According to the latest statistical data released by the European Commission, Russia accounts for about 33% of the European Union's oil imports, second only to OPEC, and for about 34% of its gas imports, which makes it the largest importer of gas to Europe (Directorate-General for Energy 2011). Some observers expect that gas imports from Russia might double within next 25 years (Nanay 2009).

Energy dependency varies greatly among the member states of the European Union. If Denmark is the only net energy exporter, Malta, Cyprus, Luxembourg, and Ireland are significantly more dependent than average, needing to import 90% or more of their energy needs (Baumann and Simmerl 2011, Directorate-General for Energy 2011). Eastern European states like Poland and the Baltic states have been actively developing domestic energy resources; nevertheless, they are also highly dependent on gas imports from Russia, making them vulnerable to gas flow interruptions. This became especially evident in the winter of 2006 and 2009 when Russia cut off gas supplies going through Ukraine for several days as a result of pricing disputes with Kiev. Many observers argue that the gas crises between Russia and Ukraine caused the EU member states to question Russia’s reliability as an energy supplier and to try to diversify away from Russian gas (Tekin and Williams 2009, Freifeld 2009, Finon 2011, Erdogdu 2010). This is around the time that the Nabucco business venture became politicized. This is also when Russia introduced its rival project, the South Stream.
3. The Nabucco Project: History and Main Characteristics

Initial discussions about a pipeline that would tie Europe to the Caspian region and the Middle East took place between Austrian energy company OMV and Turkish BOTAŞ in February of 2002 (Nabucco consortium 2012). According to Freifeld (2009), the Turks and the Austrians saw an opportunity to ensure new gas supplies to Europe and to benefit from transit fees for shipping it through their territories (p. 124). Later, Hungarian MOL, Romanian TRANSGAZ, and Bulgarian BULGARGAZ joined the discussions. Interestingly, as Freifeld argues, the name Nabucco was born “[o]ne evening in 2002 in Vienna” when “a small group of Austrian energy executives took their colleagues from Turkish, Hungarian, Bulgarian, and Romanian firms to see a rarely performed Verdi opera” (p. 123). The opera was called Nabucco; it recounted the plight of Jews exiled from their motherland by King Nabucco.

In October 2002, the five companies signed a cooperation agreement to start a feasibility study for the construction of the Nabucco pipeline (Nabucco consortium 2012). In December 2003, they signed a Grant Agreement with the European Commission which covered 50% of the costs associated with the feasibility study. Furthermore, in 2004, Nabucco Gas Pipeline International was established to construct and operate the pipeline. This entity’s responsibilities included encouraging member states and the European Commission to create appropriate incentives for potential investors in the project and conducting public relations activity on behalf of the six shareholders.

The Nabucco project quickly gained approval of Central and Eastern European states who saw it as a historic opportunity to diversify away from Russian gas (Freifeld 2009, Erdogdu 2010). However, the rest of the European Union started paying close attention to Nabucco only after the 2006 Ukrainian gas crisis (Freifeld 2009, Finon 2011). Freifeld argues that “[a]lmost overnight, support for Nabucco grew dramatically throughout Europe” (p. 125).

After that, development of the project happened much more rapidly. In February 2008, German RWE joined the ‘pack’ of Nabucco’s shareholders (Erdogdu 2010, Nabucco consortium 2012). In January 2009, the European Investment Bank (EIB) and the European Bank of Reconstruction and Development (EBRD) announced their willingness to provide financial support for Nabucco with a form of preferential loans up to 2 billion euro. The European Commission also declared its commitment to invest 250 million euro ($330m) into the project.¹ Furthermore, in July of 2009, the Intergovernmental Agreement was signed between the Nabucco transit countries to ensure

equal and stable transport conditions for the partners and customers. In 2010, national Nabucco companies were established in the transit countries.

Current plans for the 3,900 km long Nabucco pipeline expect it to have the capacity to transport 31 billion cubic meters (bcm) per year. It is planned to go from Turkey through Bulgaria, Romania, and Hungary to Baumgarten in Austria, one of the most important gas hubs in Central Europe. Gas is projected to enter from two directions – through one sleeve from the Turkish-Georgian border and through another one from the Turkish-Iraqi border (See Figure I).

**Figure I: Projected Route for the Nabucco Pipeline with a Timeline**

![Nabucco Pipeline Route](http://www.nabucco-pipeline.com/)

However, despite the backing from the European Commission, the future of the Nabucco project is far from predetermined. The Nabucco coalition is having difficulty trying to find enough gas supply to fill the pipeline. To be commercially viable, Nabucco needs at least 20 bcm of gas per year as soon as operation begins (Finon 2011, p. 51). So far, only Azerbaijan has confirmed its commitment to Nabucco, promising that 5 bcm of Azeri gas would be available for this project up to 2018-2020. Turkmenistan on the other hand has shown ‘signs of commitment,’ but has not yet signed any contracts with the Nabucco consortium. Its gas will be unavailable for the European market until the undersea Trans-Caspian Pipeline is constructed to connect it with the Baku-Tbilisi-Erzurum pipeline that goes from Azerbaijan to Turkey. This portion of the project is becoming more complicated due to Russia’s objections to the absence of a legal agreement as to the maritime boundary in the Caspian Sea, and the high costs associated with resolving this issue. With regard to
the Middle Eastern gas, the current political situation in Iran and Iraq also does not inspire optimism. At least for the foreseeable future, there is no expectation that Middle Eastern countries will be able to provide gas for Nabucco.

These issues resulted in the postponing of the construction of Nabucco. As of the beginning of 2012, the construction is planned to begin in 2013 instead of 2008 as it was originally planned (Nabucco consortium 2012). It is currently expected to be completed in 2017 instead of the original goal of 2010-2011. The estimated price of the Nabucco has also been changing. According to the latest reports, the project is estimated to cost 10-14 billion euro ($13.6bn-$19bn) instead of initially estimated 7.9 billion euro. Following these developments, chief executive officer of German RWE, Juergen Grossman, admitted in the beginning of 2012 that his company could leave the project because it wanted to keep its “financial exposure limited.” Moreover, Nabucco is also challenged by the Russia-promoted South Stream.

4. The South Stream: History and Main Characteristics

In 2007, Gazprom signed an agreement with the Italian firm ENI to construct the South Stream pipeline that would transport gas from Russia to Europe. After the 2006 gas crisis, Russia decided to construct routes bypassing Ukraine. This initiative became even more pertinent after the second gas crisis in January of 2009 when, as it was reported, Russia lost $2 billion as a result of a three-week interruption of a gas shipment en-route to Europe (Finon 2011, p. 61).

The South Stream is designed to transport gas under the Black Sea through exclusive economic zones of Russia, Turkey, and Bulgaria to Southern and Central Europe. The northwestern route is planned to go through Bulgaria, Serbia, and Hungary to Slovenia and Austria. The southwestern route is planned to reach Greece and Italy also through Bulgaria (See Figure II).

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2 See, for example, Tony Barber, “Security is vital to country’s role in oil and gas transit,” The Financial Times, 22 Nov. 2011, 4.

Russia has already signed intergovernmental agreements with Bulgaria (January 18, 2008), Serbia (January 25, 2008), Hungary (February 28, 2008), Greece (April 29, 2008), Slovenia (November 14, 2009), Austria (April 24, 2010), and Croatia (March 2, 2010) to construct the onshore section in Europe, including preparation of feasibility studies and setting up joint ventures between Gazprom and national energy companies in these countries. This means that two of the member states of the European Union, Bulgaria and Hungary, have committed to both Nabucco and the South Stream. In December of 2011, Turkey also granted a permit for the South Stream to cross its exclusive economic zone.

Moreover, since 2007, two more European companies have joined the project to participate in constructing the 900 kilometer offshore gas pipeline section, resulting in the shares in the South Stream offshore section to be divided the following way: Gazprom holds 50%, Italian ENI – 20%, German Wintershall and French EDF – 15% each (South Stream AG 2012b).

The initial capacity of the pipeline was set at 31 billion cubic meters per year. However, in May 2009, after the second gas crisis with Ukraine, the partners agreed to double the South Stream’s capacity to 63 billion cubic meters per year (South Stream AG 2012a). The construction of the pipeline is now scheduled to start in December 2012 instead of 2013, with the first gas to flow in 2015. This new development was announced in January 2012 after then Prime Minister, now
President elect Vladimir Putin ordered *Gazprom* ‘to speed up’ the South Stream (South Stream AG 2012b). The cost of the pipeline, as of the end of 2011, was estimated to be $30 billion.\(^4\)

In Table I, I summarize the main characteristics of the Nabucco and South Stream pipelines.

*Table I: Nabucco and the South Stream Comparison (as of the beginning of 2012)*

<table>
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<th></th>
<th>Nabucco</th>
<th>South Stream</th>
</tr>
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<tr>
<td>Launch of the project</td>
<td>2002</td>
<td>2007</td>
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| Shareholders           | Austrian company OMV, Turkish BOTAŞ, Hungarian MOL, Romanian TRANSGAZ, Bulgarian BULGARGAZ, and German RWE (16.4% each) | Offshore section: Russian *Gazprom* (50%), Italian ENI (20%), German Wintershall (15%), and French EDF (15%).
Onshore section: *Gazprom* (50% or 51%) and respective national companies |
| Construction is expected to start | 2013                           | December 2012                                     |
| First gas flows        | 2017                           | 2015                                              |
| Capacity (per year)    | 31 bcm                         | 63 bcm                                            |
| Transit states, including countries of destination | Turkey, Bulgaria, Romania, Hungary, Austria | Offshore section: Turkey and Bulgaria
Onshore section: Bulgaria, Serbia, Hungary Slovenia, Austria, Greece, and Italy |
| Estimated cost         | $13.6bn-$19bn                  | $30 bn                                            |

5. Absence of a Common Energy Policy in Europe as Grounds for a Nabucco - South Stream Competition

The circumstances surrounding the simultaneous plans for rival pipelines bring up the issue of why the EU member states do not adopt a unilateral strategy to support Nabucco over the South Stream. The European Commission has explicitly supported Nabucco, calling it a pan-European project aimed at improving energy security in Europe. Italy and Germany instead criticize the project, being unconvinced that it is realistic (Erdogdu 2010, p. 2942). This brings the discussion to the lack of energy cooperation within the European Union.

Many experts point out that the member states of the European Union face common challenges: insecurity of supply, unstable prices, and growing competition from other major energy consumers like China. However, Europe still lacks a common energy policy, especially in its external dimension (Youngs 2007, Bressand 2010, Baumann and Simmerl 2011, Finon 2011, Erdogdu 2010). The EU treaties do not impose any unified code of behavior on member states nor give the Commission authority to control this dimension. Several formal agreements have been signed between the EU members to foster development toward a common energy policy. Today energy strategies of member states remain extremely diverse. This can be explained by well-established relations of European countries with main energy suppliers due to their geographical location and historical background, notably the legacy of the Cold War.

Overall, there are four main energy importers in the EU: European countries (Norway, the UK, the Netherlands, and Denmark), OPEC, Russia, and Africa (Baumann and Simmerl 2011, Erdogdu 2010). Baumann and Simmerl state that based on energy suppliers, all 27 EU states can be grouped into four main regions: 1) Northern and Central Europe with Denmark, Finland, Sweden, Germany, and the Czech Republic; 2) Central and Eastern Europe with the Baltic states, Bulgaria, Hungary, Poland, Romania, and Slovakia; 3) Adriatic and South Eastern Europe with Austria, Cyprus, Greece, Italy, Malta, and Slovenia; and 4) Western Europe with the Great Britain, the Benelux states, France, Ireland, Portugal, and Spain (See Figure III).
According to Baumann and Simmerl, with the exception of the Western European countries who import energy from other European suppliers, Africa, the Middle East, and Latin America, all the EU member states are highly dependent on energy imports from the Former Soviet Union. While Eastern Europe depends almost entirely on energy imports from Russia, countries from the Northern and Central Europe have also developed ties with European producers, and Adriatic and Southeastern countries – with Africa and OPEC.

Therefore, when discussing energy imports to the EU, not all European countries share concern over high dependence on Russian fossil fuels as does Central and Eastern Europe. On the contrary, for some member states, strategic cooperation with Russia means diversification of their energy supply. As Baumann and Simmerl put it, “there are member states from Northern/Central and Western Europe, like Germany, France, the Netherlands, Italy, or the Nordic countries, that are not afraid of extended energy dependence on Russian gas and oil because they expect their domestic...
(and well integrated) markets to be an asset strong enough to even out the relationship with Russia” (p. 24).

Moreover, environmental concerns regarding greenhouse emissions⁵ and the availability of Russian gas have made importing blue fuel attractive for an increasing number of member states. Consequently, the level of support for Nabucco and the South Stream also differs among the EU member states. While some European countries advocate common support for Nabucco, others perceive the South Stream as an equally attractive option that is more realistic and feasible since it is promoted by the gas producer itself.

Considering this background, I will now move to the analysis of the public diplomacy concept which explains why the competition between the Nabucco and the South Stream coalitions will find their battleground in the media.

6. Defining Public Diplomacy

In this section, I am addressing the concept of public diplomacy in order to explain why I expect that the competition between the Nabucco and the SouthStream coalitions will find their battleground in the media. I also will argue that the line between public diplomacy and corporate PR is blurry because of the interconnection between the state and large national corporations, especially in the energy sector. Therefore, I expect that governments, including the European Commission as a supra-national authority, will be using public diplomacy to allocate public support for the Nabucco or the South Stream depending on what project their respective national companies participate in.

A group of researchers of international diplomacy argue that today’s international relations are increasingly dependent on public opinion (Leonard 2002, Tuch 1990, Wang and Chang 2004). Governments have taken notice and have been actively developing their public diplomacy capabilities in order to mobilize public support. According to Tuch (1990), public diplomacy is “a government’s process of communicating with foreign publics in an attempt to bring about understanding for its nation’s ideas and ideals, its institutions and culture, as well as its national goals and current policies” (p. 3). Tuch further states that as opposed to traditional diplomacy, which is mostly done behind the curtains with confidential negotiations between diplomats, public diplomacy is all about publicity and winning mass approval.

The increasing importance of public opinion in international relations can be explained by stronger and more common non-governmental organizations capable of starting protest movements,

⁵ The EU, under its Second Strategic Energy review, demands the reduction of the greenhouse gas emissions by 20% by 2020 (Erdogdu 2010).
and by the development of modern communication technologies. Today, citizens are able to obtain vast amounts of information about foreign countries as quickly as their own governments can. This knowledge affects public attitudes and shapes public opinion, which, if negative, can complicate things for governments. Countries with negative images abroad often find it difficult to attract foreign investment, build support for their policies, and find allies among other countries (Leonard 2002, Wang and Chang 2004).

Managing media coverage appears to be the most effective tool to influence public opinion. It has been argued that media has influence on what people think about and how they understand the world, especially the world outside of their own country (Manheim and Albritton 1984, Jamieson and Waldman 2003, Brewer, Graf and Willnat 2003). Media reports are often the main source of up-to-date information from foreign countries even for decision-makers (Manheim and Albritton 1984). Manheim and Albritton, therefore, point out that “[i]f officials in one government rely on foreign correspondence as a source of information, then officials in another government have some incentives to use the news to transmit information to them” (p. 641). Leonard (2002), for example, wrote that “[i]n Kosovo, a powerful military coalition risked defeat not in the field but in the media battleground for public support as governments in Greece and Italy struggled to cope with volatile popular opinion” (p. 48).

To help them promote their ideas and be better at explaining their policies to foreign publics, governments have been hiring professional PR consultants since the 1970’s (Manheim and Albritton 1984). It is known, for example, that the Russian government first hired western PR specialists in 2006 to help Russia host the G8 summit in St. Petersburg (Morar 2009). The contract was signed with American company *Ketchum* and its sister organization *Gplus Europe*. After that, contracts with *Ketchum* followed one after another, and since 2007, *Ketchum* also has Russia’s state-controlled gas corporation *Gazprom* among its clients (Morar 2009). Moreover, the Kremlin has hired London firm *Portland PR*, headed by Tim Allen, Tony Blair’s former deputy press secretary (Booth 2010). *Gazprom* is also listed among its clients (Portland PR 2012).

 although public diplomacy concept is usually used to explain a government’s communication process with foreign publics, I argue that it is also applicable to large national companies. The

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6 According to Moldavian journalist Natalia Morar (2009), who for several years was ‘persona non grata’ in Russia allegedly for her investigative reports, an important part of *Ketchum’s* work is harnessing the potential of the media. It was reported to have contacts at such respected and world renowned organizations as CNN, ABC News, Fox News, The New York Times, The Wall Street Journal, New Yorker, Business Week, Newsweek, Bloomberg, Reuters, and Associated Press (Morar 2009). Morar further argues that *Gplus Europe* has strong connections with the European Parliament and the European Commission.

7 It was reported that the company gives advice on relations with the UK parliament as well as handling negative stories involving Russia in the British media.
interconnection of large business and politics in many countries, especially within the energy sector, makes the line between public diplomacy and corporate public relations, or corporate reputation building, blurry. For example, many observers point to the interconnection of Russia’s gas monopoly Gazprom and the Russian government (Wenger, Perovic, and Orttung 2006, Rosner 2006, Kramer 2009). Some go as far as to argue that “abroad, the line between Gazprom and the Russian state’s foreign policy is sometimes so thin as to be almost nonexistent” (Kramer 2009, par. 4). As for European countries, Baumann and Simmerl (2011) also argue that “regardless of the extent to which the member states [of the European Union] emphasize market mechanisms, most of them engage in cultivating and protecting huge national energy corporations, so-called national champions, as a means to ensure energy security and negotiating power vis-à-vis energy producers” (p. 12).

Therefore, it is logical to suggest that the competition between the Nabucco and the South Stream coalitions will use media outlets as a ‘battleground.’ This competition is expected to be supported by respective governments and their PR specialists.

7. Managing Media Coverage: Concepts of Framing, Priming, and Agenda Setting

To understand how political actors and other interested parties can influence public opinion through media, it is important to address such concepts as framing, priming, and agenda setting. These capabilities of the media have been documented by researchers, and are a good starting point to analyze how the Nabucco and South Stream coalitions might try to manipulate media to shift frames, prime advantageous issues, or set agendas in their interest.

The concept of framing has received much attention in scientific literature (Cappella and Jamieson 1997, Parmelee 2002, Valentino, Beckmann, and Buhr 2001, Iyengar, Norpoth, and Hahn 2004, Jamieson and Waldman 2003). As Jamieson and Waldman elegantly put it, “the metaphor of a frame - a fixed border that includes some things and excludes others - describes the way information is arranged and packaged in news stories” (p. xiii). In most cases, scientists attribute the process of framing to journalists who determine what to include in a news story and what to exclude from it, which facts to emphasize and which to downplay. However, political actors and other interested parties can also influence frames of news stories, considering that reporters have to rely on those actors for quotes as sources of information. Therefore, Jamieson and Waldman argue that “the greater the power an actor holds and the more central her comments are to a story, the more success she may have in getting her preferred frame adopted” (p. xiii).

Furthermore, scholars argue that different actors can prime issues and thus influence media coverage (Jamieson and Waldman, 2003; Druckman, Lawrence, and Ostermeier, 2004). Simply put,
priming means emphasizing certain problems and issues while leaving others silent (Druckman, Lawrence, and Ostermeier 2004, p. 1181). Scientists admit that both media and non-media actors can prime issues by calling attention to certain events. For example, for presidential candidates, priming would mean inducing voters to take advantageous issues into account when making their vote choice. For example, politicians can prime advantageous image characteristics, policies, or deeds to get more public support. Jamieson and Waldman, while examining cases like the Tonkin Gulf, the 2000 presidential elections, and September 11, questioned why certain facts were featured and others were ignored, why some mistakes were punished and others excused. Based on their evidence, they came to the conclusion that in these cases journalists became a part of the political manipulation of public opinion. Reporters’ work was greatly complicated by strategic actions of politicians to shift frames, compel story lines, and keep certain facts silent.

The concept of priming is tightly correlated to agenda setting. There are two approaches to agenda setting. The first one, developed by Cohen (1963), is called media-centered because it places media in the center of the agenda-setting process. Thus, Cohen argued that the press “may not be successful much of the time in telling people what to think, but it is stunningly successful in telling its readers what to think about” (p.13). In other words, media has influence over the public’s perception of the importance of certain issues and their salience. Later research, however, proved that the process of agenda-setting is influenced not only by the press, but also by the public and political actors (Manheim and Albritton 1984; Dalton, Beck, Huckfeldt, and Koetzle 1998).

In sum, framing, priming, and agenda setting are the main concepts to understand how public opinion can be influenced through the media. In the following sections I will analyze the main PR tools with the use of which governments and other actors can shift frames, prime issues, and set agendas through the press. To be able to trace how these tools were used in a competition between the Nabucco and the South Stream coalition, I will proceed to the analysis of media coverage of these gas pipeline projects.

8. Analyzing Media Coverage of the Nabucco and the South Stream Projects: Method

In order to supplement the theoretical section of this paper with empirical data, I chose two newspapers that actively cover Nabucco and the South Stream - one in Russia and the other in the U.K. On the Russian side, I have chosen the leading independent business daily Vedomosti for my analysis. It was founded in 1999 by world’s renowned newspapers The Financial Times and The Wall Street Journal, and by the publishing house Sanoma Independent Media (Vedomosti, the Russian business daily 2012). Vedomosti circulates about 80 thousand copies five days a week. The
newspaper is considered to be the leading source of information for business and political decision-makers in Russia.

With regard to Europe, I decided to analyze the British newspaper The Financial Times. It is one of the world’s leading business newspapers. Headquartered in London, it is printed in 22 cities globally and has a daily circulation of about 320 thousand copies (Financial Times 2012). Combined with paying digital subscribers, The Financial Times’ circulation reaches about 601 thousand readers.

The period of content analysis is from November 2004, when the first news on the Nabucco project started appearing in the press, until February 2012. The Universal Database of Central Russian Newspapers (UDB-COM) was a source of news articles from Vedomosti until April 2011. The latest news was retrieved directly from the Vedomosti website. The Financial Times’ news stories were retrieved from LexisNexis. Overall, during the period under examination, Vedomosti published 203 related articles and The Financial Times – 92.

9. Messaging as a Mantra

One of the most important ways political actors can influence media coverage is PR messaging. Many researchers of public relations emphasize the importance of developing ‘key messages’ in a process of creating or maintaining a particular public opinion (Morley 1998, Wilcox, Ault and Agee 1986, Curtin and Gaither 2007). As Morley states, “Repetition of the messages by spokespersons will allow them to penetrate the consciousness of stakeholders and other audiences” (p. 20). Once developed by PR specialists, these key messages must become the mantra of those who are authorized to act as official spokespersons of a government or a company.

It is no secret that using the correct words to convey the proper message is of great significance. Some words such as ‘war,’ ‘terrorist,’ or ‘propaganda’ have strong negative connotations. Others, on the contrary, inspire positive associations. One of the best known examples is a strategic use of a word ‘freedom fighters’ instead of ‘terrorist.’ For example, according to Wilcox, Ault and Agee, Ronald Reagan administration called anti-communist groups ‘freedom fighters’ while their own governments denounced them as ‘terrorist rebels.’ Another well known example was the strategic use by the Russian government of a phrase ‘the operation to force to peace’ rather than ‘war’ during the conflict with neighboring Georgia in 2008. Interestingly, public communication researchers have developed a list of the most persuasive words that should be used in public relations messaging. Among them are such words as ‘save,’ ‘new,’ ‘results,’ ‘easy,’ ‘safety,’ and ‘guarantee’ (Wilcox, Ault and Agee, p. 183).
The success of a message depends not only on its meaning and phrasing. It also largely depends on the credibility of the source (Jamieson and Waldman 2003, Leonard 2002). PR practitioners carefully choose those who will convey key messages, specifically how credible, knowledgeable, and honest the speaker is perceived. As Leonard (2002) puts it, “[s]ensitive messages to foreign publics are often best disseminated by people who have something in common with the target audience” (p. 54).

The analysis of the media coverage of the Nabucco and the South Stream in Vedomosti and The Financial Times showed that both sides indeed had a set of key messages. The main speakers on the side of the Nabucco project were Andris Piebalgs, the European Union energy commissioner from 2004 to 2010; Günther Oettinger, the EU’s energy commissioner since 2010; Jose Manuel Barroso, the President of the Commission; Jozias van Aartsen, the EU’s coordinator for natural gas projects in southern Europe; and top-officials from the states like Poland that are backing the project. Moreover, Nabucco was promoted in the press by European energy companies (members of the Nabucco consortium), by Reinhard Mitschek, managing director of Nabucco, and by various American officials, including then U.S. vice-president Dick Cheney.

The main speakers on the side of the South Stream are former Prime Minister, now elect President Vladimir Putin; his press-attaché Dmitry Peskov; Paolo Scaroni, ENI's chief executive; Alexei Miller, the Gazprom chief executive; Alexander Medvedev, Gazprom's deputy chairman; Sergei Shmatko, Russian Minister of Energy; Stanislav Tsygankov, Head of the International Business Department of Gazprom; and rarely but always along the main line President Dmitry Medvedev.

The key messages developed and repeated by the respective coalitions can be divided into four themes. These were similar in that they were either priming advantageous events and characteristics, or emphasizing downsides of the opposing project.

*Message N1: Energy Security*

While the European Union insists that Nabucco is the only project that would really improve Europe’s energy security, Russia promotes an idea that the South Stream would also serve this goal because it would bypass the “unreliable” transit countries of Ukraine and Belarus.

Thus, Andris Piebalgs, the European Union energy commissioner, constantly tries to alarm Europeans of a heavy dependence on Russian energy imports and encourage European nations to put up a united front to diversify away from Russian gas. He once said, for example, “In an era when perhaps 70 per cent of our gas needs will come from outside the EU, we must diversify and secure
adequate import capacity.”

Similar statements follow from the countries almost entirely dependent on Russian gas and American officials who also support Nabucco. At the same time, support of other member states of the South Stream are accused by the Nabucco coalition as ‘undermining Europe’s energy security.’

Naturally, the South Stream coalition is pushing a different message. On September 25, 2007, The Financial Times published a letter to the editor from the deputy chairman of Gazprom Alexander Medvedev. Medvedev assured Western readers that Gazprom is “as committed to helping Europe achieve security of energy supply as is the EU itself.” He pointed to Russia’s dependence on Europe’s markets and assured that it is in Gazprom’s interest to respect the rules of the game in markets where it operates. Around that time, the Italian energy company ENI, shareholder of the South Stream project, supported Medvedev’s statement by issuing a press release stating that the South Stream project “will significantly contribute to improving the security of energy supply for the European Union.”

However, less than a month later, The Financial Times published Robert Amsterdam’s, an international defense counsel for Mikhail Khodorkovsky, response to Medvedev’s letter. The lawyer argued that the message conveyed by Gazprom’s deputy chairman was an attempt to manipulate the concept of energy security. Amsterdam wrote that “Europe needs to realise that only through security of competition can genuine energy security be attained.” He claimed that “member states should consider a more sober definition of energy security, responding to three criteria: independence from geopolitical forces; independence from market dominance; and reliability, ensuring that the system responds to emergencies, even during price disputes.” Nevertheless, the South Stream backers continued pushing the idea that their pipeline would strengthen European energy security.

Message N2: Nabucco and the South Stream Are Not in Competition

When in June 2007 Gazprom and Italian ENI signed a memorandum of understanding to begin a feasibility study for the South Stream, ENI’s chief executive Paolo Scaroni admitted that the

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11 See, for example, Christopher Condon, “Hungary plays down concern over pipelines energy supplies,” The Financial Times, 9 Apr. 2007, 6.
13 Robert Amsterdam, “Rolling over to Kremlin’s manipulation,” The Financial Times, 9 Nov. 2007, 2.
14 Robert Amsterdam, “Rolling over to Kremlin’s manipulation,” The Financial Times, 9 Nov. 2007, 2.
15 Ibid.
project would be in competition with the EU-backed Nabucco.\textsuperscript{16} However, soon after the backers of the South Stream project started claiming that the two pipelines were not rivals. In 2008, Scaroni was arguing that Nabucco and the South Stream were not in competition because Europe, with its rapidly growing energy demand, will need both gas pipelines.\textsuperscript{17} Putin in his own sharp manner also confirmed that Russia does not oppose Nabucco. In February of 2008, he said: “If someone wants to dig up the ground and build a pipeline: go ahead, we don't mind.”\textsuperscript{18}

Interestingly, the Nabucco coalitions also adopted this message, denying that the projects were rivals. For instance, chief executive of Nabucco consortium, Reinhard Mitschek, maintained: “It's not a question of South Stream or Nabucco: we will need both.”\textsuperscript{19} It is worthwhile asking why they chose to downplay the competition. I believe that both coalitions, in a search of public support, were trying to decrease the level of tension surrounding their respective projects and to prevent the competitor from using the public tension against them.

\textit{Message N3: Nabucco Does Not Threaten Russia}

Since 2008, the Nabucco coalition has also been insisting that Nabucco is not planned against Russia. Thus, in November of 2008, the president of the European Commission, José Manuel Barroso, specifically emphasized that Nabucco would not threaten Russia, calling the EU-Russia interdependence ‘positive.’ He also stated, “When it comes to energy security, our policy is not directed against any single country. It's just a matter of being cautious.”\textsuperscript{20} This idea was restated by Günther Oettinger, the EU’s energy commissioner, who claimed: “To go to the Caspian region is not a policy against Russia. It is a policy for Europe and the Caspian region.”\textsuperscript{21}

\textit{Message N4: Speculation over the Viability of the Projects}

The South Stream backers repeatedly point out that the Nabucco coalition cannot ensure enough gas supply that would be necessary to fill the pipeline. This is often ‘mentioned in passing’

by Putin and emphasized by President Dmitry Medvedev. Similar ‘concerns’ are repeated by the chief executive of ENI Paolo Scaroni. For example, in an interview with The Financial Times, he once said: “Nabucco will fly only when it will be fed by gas from Turkmenistan, Kazakhstan and perhaps Iran… From what I have read, that is not going to happen.” Moreover, the coalition led by Russia is certain that the South Stream project will be realized because they, on the contrary, have a 100% guarantee of adequate gas supply. Nabucco backers, however, express confidence that Nabucco, if constructed, will be able to find enough gas. For example the Nabucco project’s managing director Reinhard Mitschek keeps repeating that there is potential for much more gas supply.

10. Creating an Image of a Well Working Process

Another important PR technique is reporting about “major breakthroughs” to return the promoted issue to the world’s agenda and make it salient (Curtin and Gaither 2007). Wilcox, Ault and Agee (1986) call it creating the context of the message. They emphasize that any message, no matter how persuasive it is, must be based on real events that confirm its essence. Therefore, if, for example, the Nabucco coalition is trying to persuade the public that the project is developing well, has no chance of falling through, and is closer to realization every day, it needs to support this with real actions or announcements of new breakthroughs. This is especially important considering the fact that, as I wrote elsewhere, the projects compete to be the first constructed to Europe.

The analysis of the media coverage of the Nabucco and the South Stream pipelines showed that both sides are using this PR tool and regularly report about new ‘major developments’ even when there are actually none. When in 2009, Iraq came to the agenda as a potential gas supplier for

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Nabucco, it lead to a sharp increase in a number of news stories about Nabucco and some enthusiastically reported that there has never been more interest in this project. However, the prospect of transporting gas from the Middle East in the nearest future is as blurry as it is from the Caspian region.

Moreover, both coalitions often inform about the results of constant negotiations with transit countries and potential gas suppliers. Often they try to create a more positive image than it really is. Thus, if the negotiation ends up with nothing, it nevertheless will be reported that the participants significantly “moved negotiations forward.”

11. Managing Media Coverage: Leaks as a PR Tactic

Finally, it is important to acknowledge such PR tactic as leaks to the press. While there are many types of leaks used for a wide variety of reasons, I will focus on those I found used by the Nabucco and South Stream coalitions. According to Kielbowicz (2006), “A leak is the calculated release of information to reporters with the stipulation that the source remain unidentified” (p. 426). Leaks can be divided between those used for political reasons and those used as a form of communication within or between organizations or even governments. Therefore, several functions of leaks can be identified.

First, leaks can be used to promote or undermine plans or policies (Kielbowicz 2006, Tant 1995, Hess 1985). Kielbowicz writes that “officials turn to leaks when they want to test policy options, warm-up public and congressional opinion, influence the context of deliberations, and more” (pp. 469-470). The most used type of leak in this category is the so called ‘trial balloon’ which refers to situations when a source leaks information to identify public reaction to a policy or an appointment before publicly announcing it. Kielbowicz states that, for example, the White House sometimes even conducts polls after having leaked some information in order to measure public opinion. In case there is massive discontent with the proposed policy, the source may cancel the plans and simply deny that this has ever been planned. This type of leak is usually used for domestic purposes. However, there are cases when ‘trial balloons’ are floated to test international reaction to a planned foreign policy or military operation.

The second type of leak is an image shaping leak (Kielbowicz 2006). These are used to enhance one’s image or that of their ally. On the contrary, ‘animus leaks’ can be used to harm an opponent’s image by disclosing embarrassing information (Hess 1985).

The third type of leak that I found applicable to this pipeline game is a communication tool used to convey information within organizations, between them, or even from one government to another (Kielbowicz 2006, Hess 1985). The use of these leaks is usually explained by the inadequacy of existing bureaucratic channels of communication and by the desire to bypass them. Moreover, information leaked to respectful media outlets appear to be more persuasive than those conveyed through formal channels of communication because there is a reasonable expectation that media will develop the story. This type of leak is widely used in intergovernmental relations. Kielbowicz states that “leaks have proven so useful in communicating between governments that the diplomatic establishment recognizes several subtypes, including leaks to signal or clarify intentions, induce discussions, and alter the course of negotiations” (p. 482). Considering everything written above on the use of leaks, it becomes especially interesting to trace how leaks are used in the gas pipeline game.

With regard to media coverage of the Nabucco and the South Stream projects, the frequency of the use of leaks to the press is worth noting. References in the media to unnamed sources first appeared when member states of the European Union started expressing interest in the South Stream.

In 2007, the Financial Times mentioned “unnamed officials from Brussels,” who were criticizing Hungary’s lack of support of Nabucco and how this was in effect undermining Europe’s energy security. On an official level, Budapest assured the European community that it still was backing Nabucco while keeping their options open. On an unofficial level through leaks to the press, Hungary returned criticism to Brussels. The Financial Times quoted “one senior official” close to Hungarian prime minister Ferenc Gyurcsany as saying that the EU was hypocritical. The source pointed to bilateral supply contracts between Germany, France, Italy, Romania, Bulgaria and the Russian monopoly Gazprom. However, these long-term contracts between European countries and the Russian state-controlled company were not considered to be undermining Europe's energy security. Moreover, the unnamed source from the Hungarian government stated that Iran was considered as a potential source of Nabucco's gas. "If we have to make a choice, there is a more transparent situation in Russia than in Iran," he said.

Unnamed sources announce that some new companies express interest in joining either the Nabucco or South Stream projects. I consider these announcements to be leaks of the ‘trial balloon’ variety. In February 2008, The Financial Times reported that one of Germany’s largest energy utilities, RWE, was to participate in the Nabucco project. In September 2010, Vedomosti in turn reported that the largest petroleum and gas producer in Germany, Wintershall, was considering participation in the South Stream project.

Leaks were also widely used in negotiating terms of cooperation between Russian Gazprom and Italian ENI. In May 2009, an unnamed source in the Italian government leaked to the press that there was a disagreement between two gas companies over the access of ENI to joint ventures created by Gazprom and transit states. ENI wanted to have a share in all of these ventures. In the end of 2009 – beginning of 2010, ENI and Gazprom started an “information game” against each other after Putin’s press attaché Dmitry Peskov told Reuters news agency about the possible participation of the second largest French utility company, Electricite de France (EDF), in the South Stream project. Later Vedomosti quoted “an informed source” saying that EDF’s share might be 10% while ENI’s and Gazprom’s shares would be reduced to 45%. Five months later, Vedomosti reported that Italian ENI has serious disagreements with Gazprom over EDF’s share in the South Stream project. It was claimed that ENI did not want to reduce its own share. An informed source told Vedomosti that this conflict was a result of ENI’s chief executive Paolo Scaroni’s resistance. “The situation most likely will not change until Scaroni leaves. The Italians’ position isn’t constructive,” – said the source. Later, Gazprom decided to express their position openly. Gazprom’s representative Stanislav Tsyganov told journalists that ENI was blocking the project. He said: “We can’t see anything constructive on their side, any material evidence of their work. I am not even mentioning the financial side of this matter. We’ve been paying for everything ourselves so
In March 2011, two unnamed sources finally told *Vedomosti* that ENI had agreed to reduce its share in the project from 50% to 40%.\(^{41}\)

Furthermore, in 2011, both *Vedomosti* and the *Financial Times* quoted unnamed sources saying that the cost of the Nabucco pipeline was to rise from 7.5 billion euro to 12-15 billion euro. \(^{42}\)

### 12. Conclusion

This paper is an attempt to show what role media plays in a political competition between the Nabucco coalition, led by the supra-national authority of the European Commission, and the South Stream coalition, led by Russia. Media is the best way to secure influence over public opinion, and this becomes extremely important in the era when public opinion plays an increasingly important role in international relations. Public support from member states of the European Union can easily become a factor that propels or derails either project. Therefore, both coalitions, that involve several countries, their national companies, and a multitude of high-profile players, have incentives to manipulate media coverage in order to promote their respective pipeline projects.

As this paper has explained, the Nabucco and South Stream coalitions indeed are trying to influence media coverage to promote their respective projects. Messaging, reporting about “major breakthroughs,” and leaks to the press were all used as tools to influence public opinion by shifting frames, priming advantageous events, and setting the agenda. The effectiveness of the strategies used is, however, not examined in this paper. This presents a challenging opportunity for future research, as exploring this question further would require data on public opinion.

One can be sure, though, that the ‘great game’ between the projects will continue to be played out on the battlefield of the media. Efforts to manage media coverage will continue, and the winners in this multi-billion dollar competition may be those who make the most effective use of media. Therefore, media consumers in the countries affected, including decision-makers, should keep this game in mind when viewing media reports about the pipeline projects. It is important to recognize, when it comes to Nabucco and the South Stream, media appears to be a tool in the political competition rather than merely a source of information.

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