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To cite this article: Wojciech Ostrowski (2021): Russia, transition and poland's energy security: a retrospective view, Journal of Contemporary Central and Eastern Europe, DOI: [10.1080/25739638.2021.2007605](https://doi.org/10.1080/25739638.2021.2007605)

To link to this article: <https://doi.org/10.1080/25739638.2021.2007605>



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Published online: 23 Nov 2021.



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Russia, transition and poland's energy security: a retrospective view

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ABSTRACT

This article asserts that debates concerning Poland's energy security should be analysed in the context of transition politics and domestic politics. Most importantly, domestic politics reveal the corrupted environment of the 1990s and early 2000s, which allowed Polish and Russian political, commercial and private actors to engage in rent seeking activities. The collusion between the two sets of actors had a detrimental effect on the way in which the debate concerning Polish energy security has developed. Furthermore, corruption scandals that brought to the open murky dealings between the Russian oil and gas sectors and Polish political actors, have not only kept generating interest around the question of the country's energy security but also further fuelled concerns about Russia's real intentions.

KEYWORDS

Poland; energy security; middle-companies; scandals; transition

Introduction

In the first two decades since the collapse of the communist regime, the debate regarding Polish energy security was divided between those who maintained that the Russian threat is eminent, and those who took a more measured, technocratic view. The latter camp has pointed out that in real terms the country's vulnerability has been largely limited to oil, since Poland's electricity system is powered by domestically produced coal, and that dependency on Russian gas has been grossly overstated (Sharples 2012). Furthermore, Russian capacity to interfere in any significant way has been considerably constrained by the fact that the Polish state has managed to retain significant control over the country's energy companies (Paszewski 2011). Lastly, and most importantly, the energy relationship with Russia has been complex and has been characterized at different periods either by co-operation or conflict. The simple characterization of Russia as a menacing actor underplays the importance of long periods of co-operation between the two countries (Górska 2009; Zeniewski 2011). Despite a compelling case put forward by the technocratic camp, those who viewed Russia with a significant dose of scepticism had an upper hand in the public debates concerning Polish energy security. It was pointed out that the prevalence

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of geopolitical considerations in debates about Polish energy has traditionally trumped technocratic considerations (Roth 2011; Longhurst and Zaborowski 2007; Leonard and Popescu 2007; Schmidt-Felzmann 2008).

This article aims to move beyond those two models and asserts that debates concerning Poland's energy security should be analysed in the context of transition politics. Both the technocratic and geopolitical explanations miss an important dimension that the study of political struggles and scandals brings to the forefront. Most importantly, domestic politics reveal the corrupted environment of the 1990s and early 2000s, which allowed Polish and Russian political, commercial and private actors to engage in rent seeking activities. The collusion between the two sets of actors had a detrimental effect on the way in which the debate concerning Polish energy security has developed and more broadly on the political and economic relationship between Russia and Poland.

Discussions in Poland about the country's energy security can be narrowed down to two mutually exclusive narratives: a) Poland is insecure and vulnerable and b) Poland is relatively secure. The first view holds that Poland is insecure because the country depends on imports from Russia for 94% of its crude oil demand and for over 60% of gas demand. The second view, which argues that Poland is relatively secure, stresses that the electricity sector is heavily reliant on Polish produced coal with nearly all of its generated electricity (around 92–94%) coming from coal-fired power plants (IEA 2011). In this sense, gas, which Poland mainly imports from Russia, is not a critical part of the energy mix (Omelan and Opiola 2012; Bendyk et al. 2015). Furthermore, in the mid-2010s Poland completed the construction of a LNG (liquefied natural gas) terminal, which will considerably ease its reliance on Russian gas (Kublik 2014). At the same time, shale gas, a potential game changer in the Polish-Russian gas relationship, was unlikely to be extracted in any commercial quantities before the end of the decade according to the most optimistic scenario (Górski and Raszewski 2014; Kublik 2015).

The situation is very different in the case of oil. Poland imports crude oil primarily from Russia through the Druzhba pipeline. This dependency on one pipeline makes the country vulnerable to potential disruptions. Yet, those less alarmist about Poland's energy security point out that the Naftoport Oil Terminal which Poland built in the mid-2010s with a capacity of 35 million tonnes of crude oil per year could be increased to 50 million tonnes in the event of major problems with the Druzhba Pipeline. Finally, Poland has two large refineries, with a total crude distillation capacity of 493,000 barrels per day that have been modernized over the last two decades (IEA 2014; see also: Gawlikowska-Fyk and Nowak 2015).

The privatization of the Polish state-owned energy firms over the last 25 years has proceeded relatively slowly (Grudziński 2011). The trade unions and powerful interest groups initially resisted quick privatization especially in the mining sector; for instance, major Polish oil companies only went public in 1999 and 2005. Today, the Polish state still owns 72 % of the Polish Oil and Gas Company (PGNiG), which is practically the only importer of gas and effectively controls the wholesale market. In addition, the state controls 53% of the Lotos Group (refinery and gas stations) and Orlen (refinery and gas stations) through a golden share mechanism (Grudziński 2016). The coal industry, comprising of 27 mines, is dominated by three state-owned enterprises (Kasztelewicz 2012).

The degree to which the Polish state managed to retain control over the country's energy companies meant that since the end of the 1990s influence over the energy sector has steadily shifted from communist era managers to governing political parties and patrimonial networks that developed around them (Gadowska 2005). Tellingly, in the period from 1990 to 2010 the Polish oil company Orlen went through seven presidents. Those changes often reflected the shifts in the balance of power either between left and right parties or various fractions on the left or on the right. Another symptom of the politicization of the energy sector was the presence throughout the 1990s and early 2000s of powerful middle-men in the oil and gas sectors, who were affiliated either with the left or right but did not have any previous experience in the energy sector (Matys 2003).

The politicization of the Polish energy sector throughout the 1990s led to the rise of corruption, which produced a conducive environment for murky dealings between Polish and Russian political and commercial actors involved in the oil and gas sector (Staniszki 2001; Krasnodębski 2003). In turn, this collusion had a very negative impact on the Polish-Russian energy relationship. For instance, the persistence of middle companies in the oil and gas trade has been seen as proof that the Russian lobby was at work in Poland and actively collaborating with the post-communist elites. It was assumed that the ultimate aim of this co-operation has been to hamper Polish efforts aimed at diversifying away from Russian oil and gas supplies. The discussion in the following sections will show that the Russian-Polish energy relationship has been greatly damaged by the corruption scandals that erupted in the 2000s, but that this relationship has substantially improved from the early 2010s onwards as the actors and practices that dominated the 1990s lost influence.

Gas: the case of bartimpex

The early 1990s constituted a high point in the Russian-Polish energy relationship with the Polish political establishment openly welcoming Gazprom's 1992 proposal for the construction of a transit pipeline through Belarusian and Polish territory to deliver gas from the giant gas fields on the Yamal Peninsula to European markets. The new pipeline was principally designed to serve the North and Eastern German market and, to a lesser degree, Poland. Another reason for building a pipeline that would cross Belarus and Poland was the circumvention of Ukraine through which nearly all Russian gas exports to Western Europe had passed (Högselius 2012). The Russians argued that Ukraine was becoming an unreliable transit state due to high levels of theft and the risk of interruption to supplies (Vítor and Makarova Vítor 2004: 1).

From the Russian perspective Poland promised to be an attractive new market as it had not been part of the centrally mandated gasification in the 1960s and 1980s and was a country where coal retained a vastly dominant share of energy supply. In 1975 Poland bought 2.3 bcm (billion cubic metres) from the USSR, in 1980 4.9 bcm, and in 1990 7.8 bcm. The Russian thinking was in line with plans drawn up by Polish policy makers, who as early as 1990 called for the signing of new long-term contracts with the then USSR. Poland also began negotiations with other gas exporting countries (most importantly Norway) (Sejmu 1990). The new long-term contract with Gazprom on gas would replace deficient agreements concluded in the 1980s, aid the expansion of the domestic pipeline network and provide additional budget revenues. It was also argued, that the pipeline would help

to tie Poland to Germany's gas market and initiate a transition towards cleaner electric power generation (Górska 2009: 6). The proposed Russian pipeline gained momentum when negotiations with the Norwegians came to a halt.

The deal on the new pipeline was signed in mid-1993. Initially, it was agreed that the capacity of the completed pipeline would be 67 bcm and that Poland would buy 14 bcm annually (Matys and Smoleński 2001). It should be kept in mind that in 1993 Poland consumed only 10 bcm. Thus, rather unsurprisingly, a number of critics argued that officials responsible for negotiating the deal contracted for excessive gas volumes and thereby limited the scope for diversification away from the Russian gas supplies in the future. Another major issue from the critics' perspective was the "take-or-pay" clause in the contract, which obliged Poland to purchase quantity specified in the order even if delivery would not be taken (Górska 2009: 9). That said, criticism was largely confined to leftwing academic and political circles as the deal with the Russians was signed by the post-Solidarity government led by Hana Suchocka while Lech Wałęsa was the sitting President (Krasowski 2012). It was also supported by the incoming post-Communist administration that took over power in late 1993. Yet, the controversies surrounding Polish negotiating tactics and the nature of the deal never entirely went away and 10 years later were heavily criticized in the report issued by the Supreme Audit Office concerning the ways in which Poland obtained its gas supplies (Najwyższa Izba Kontroli 2004). It should be also mentioned that the total gas consumption rose to just 11.4 bcm by 2001 which was some way off the forecast made by the Polish Academy of Science made in 1993, on which the deal was based, which predicted that gas consumption would grow by 2010 to around 20 bcm and according to the most optimistic scenarios could even increase to 27–35 bcm (Vítor and Makarova Vítor 2004: 27).

The key player on the Polish side was the fully state-owned Polish Oil and Gas Company (Polskie Górnictwo Naftowe i Gazownictwo, best known by its Polish acronym – PGNiG) which in the early 1990s employed over 42,000 people. This company handled the exploration, production, sale and distribution of gas and was responsible for the construction and repairs of the gas network. It should be also mentioned that at the start of the 1990s the company was in a poor financial state with a 50% drop in gas consumption and a fourfold increase in the price after PGNiG started paying Gazprom in hard currency for its natural gas in 1991. Hence, the prospect of being involved in a major new project – the construction of the Polish section of the new pipeline was estimated at 3 billion dollars – was a very attractive proposition (Błaszczuk and Cylwik 1999: 42).

In a configuration in which PGNiG and Gazprom were keen to co-operate it was rather puzzling that EuroPolGaz, owned 48% by PGNiG and 48% by Gazprom, which was set up to construct and operate the Polish section of the pipeline, was joined by the third party Polish marketing company Gas Trading which owned 4% of the shares. According to the official explanation this was due to the Polish Commercial Code, which stipulated that at least three shareholders were required in order to establish a joint stock company (Matys and Smoleński 2001). Most controversially 25% of the Gaz Trading shares were allocated to Bartimpex, a private company owned by Aleksander Gudzwat, which had acted as an intermediary in barter exchanges with Gazprom since 1992. A few years later, Bartimpex shares increased to 36% (Olczyk, Baranowska, and Furman 2013; see also Bosacki 2002).

According to Jan Olszewski, Polish Prime Minister between 1991 and 1992, Gudzowaty was considered by the Russians as a skilful go-between and as able to facilitate cooperation between Russian and Polish gas companies. Olszewski stated that Gudzowaty, who in the 1970s worked in Moscow on behalf of the Polish textile industry and was responsible for coordinating the sale of Polish produced railway equipment to Russia in the 1980s, was in a position to reach an agreement with the Russians on economic matters that he could not – this despite his being in direct contact with his Russian counterpart Yegor Gaidar in his role as Prime Minister (Kublik 2013). In the years to come Gudzowaty often boasted in public about his friendship with Gazprom's boss Rem Vyakhirev and about his newly accumulated fortune which by the end of the 1990s reached over 1 billion dollars. Gudzowaty himself argued that Russians liked to do business with him because he was trustworthy and never tried to cheat them (Matys and Smoleński 2001). Indeed, some argue that 'without Gudzowaty nothing important could have happened on the Polish gas market' in the 1990s (Olczyk, Baranowska, and Furman 2013). It was reported that throughout this time members of the PGNiG board had tried to eliminate Gudzowaty and other intermediaries but their attempts were frustrated by Gazprom whose representatives bluntly rejected the idea (Zeniewski 2011: 26). However, the special relationship with Gazprom tells only part of the story, for another source of Gudzowaty's political and economic dominance in the Polish-Russian gas trade was based on a network of political contacts that he had built and maintained among Polish political elites both from the right and the left (Górska 2009: 11).

Throughout the 1990s Bartimpex employed 17 ex-ministers who served in the post-Solidarity and post-Communist governments. The ministers Gudzowaty employed were at different stages responsible for industry, privatization, the economy, transport and telecommunication. Some, but not all of them, had begun their careers during the Communist times like Gudzowaty himself (Matys and Smoleński 2001; Solska 2013). Furthermore, the head of Bartimpex contributed some \$1 million to Lech Wałęsa's Presidential campaign in 1995 (Górska 2009: 11). After Wałęsa lost his Presidential bid for re-election, Gudzowaty switched his alliance from the right to the left and in the next election cycle firmly threw his weight behind the post-Communist incumbent Aleksander Kwaśniewski and his political allies.

The construction of the Yamal-Europe gas pipeline lasted from 1994 to 2006. In the late 2000s, pipeline capacity reached 32.9 bcm, almost half of what was initially intended (Gazprom 2016). The Yamal pipeline undoubtedly increased Polish reliance on Russian gas; however, given the dominance of coal in generating electricity, the pipeline did not dramatically alter the country's energy security. As mentioned above, Poland sits on Europe's largest coal reserves and produces about 90% of its electricity from hard coal and lignite while in the early 2010s Poland's total natural gas imports amounted to just 12 bcm (IEA 2014). More controversial has been the issue of price, since Poland has paid considerably more for Russian gas than its wealthier counterparts in western Europe (Piński and Trębski 2003). As late as the mid-2010s, Poland, along with the Czech Republic, was paying \$500 per thousand cubic metres of gas, while across the border Germany along with Austria and France paid less than \$400. Thus, the lack of diversification in gas supplies did not hamper Polish energy security per se but proved to be very

costly, as James Henderson explained: '[Gazprom] essentially acts as discrimination monopolist. If it has a significant market share in a country, or if it can see that a country has limited alternatives, then it prices accordingly (quoted in Kates and Luo 2014).

To sum up, the Yamal-Europe pipeline would have been built without Aleksander Gudzowaty. Both the Russian and Polish states and their companies Gazprom and PGNiG had vested interests in the construction of the new pipeline in the early 1990s. Gazprom inserted Bartimpex into the equation due to its dominant position and presumably because Rem Vyakhirev and his inner circle directly benefited from it (Kramer 2013). On the Polish side Gudzowaty "protected" his company by building and maintaining a vast network of political backers.

On the outside Bartimpex looked like a classic rent seeking mechanism – in itself not exceptional in the post-Communist space. Furthermore, in Poland corrupt practices were not unique to the gas sector and were common also in other branches of the Polish energy sector. Kaja Gadowska in her study of the Polish coal sector in the 1990s stated: 'the fundamental mechanism serving the survival of the system is the presence of highly developed clientelistic networks and mutual dependencies between individual policy makers, i.e. key actors of the mining sector as well as its economic and political environment. The postponement of reforms serves to maintain opaqueness and facilitate the flow of public funds into private pockets' (2005: 23; see also Woś 2014). Although patron-client relations and widespread corruption were not uncommon, Bartimpex was nevertheless a special case.

Its very existence, the way in which Gudzowaty operated and maintained contacts with the political elites and his huge fortune inevitably fuelled suspicion that the Polish energy sector was penetrated by the Russia lobby intent on hampering Polish energy security. Konstanty Miodowicz, a counter-intelligence chief through the first half of the 1990s, went as far as to suggest that Gudzowaty was directly connected to the Russian mafia (Wiadomosci 2002). In short, the damage to the Polish-Russian energy relationship was done.

Oil: orlengate and J&S

At the beginning of the 1990s the Polish oil sector underwent a profound economic crisis: the economic recession, the outdated structure of the Polish oil industry and the lack of modernization and investment throughout the 1990s were amongst the most significant problems. The initial plans envisioned a vertical integration of the sector through the construction of the Polish Oil Company (Polska Kompania Naftowa – PKN) and a steady pace of privatization. At the same time, the state would stay in control of the industry through retaining a majority stake in the strategic parts of the oil infrastructure. However, due to trade union protests and the negative attitude of the refinery's management towards privatization as well as a lack of interest on behalf of Western investors, the plans came to a halt. In the following years Polish governments drafted new strategies for the oil sector, but key elements stayed the same. Most importantly it was argued that the state should stay in control of the oil sector and that partial privatization, in particular of the refineries that were in need of huge investments, should go ahead. Towards the end of the 1990s, in the middle of the economic crises, the government decided that the Gdańsk refinery should be privatized as soon as possible. Yet, as before western investors showed

little interest and only the Russian company Lukoil entered negotiations in the early 2000s. However, politicians from both sides of the political spectrum bluntly rejected the Russian proposition (Paszewski 2011).

The issue of the privatization of Gdańsk's oil refinery, the country's second-largest, and the Russian offer re-emerged in the mid-2000s when it emerged that Jan Kulczyk, Poland's richest man, had offered to act as a middleman in the sale of the Gdansk refinery to Lukoil. This proposition was not an unusual one for Kulczyk to make since he was best known for buying shares in companies held previously by the Polish state and selling them to private investors for lucrative profits (for a detailed analysis see Jaworski 2004). The scandal around the sale of the refinery significantly escalated when it came to light that during his dealings with the Russians Kulczyk met on several occasions in Vienna with a retired KGB spy Vladimir Alganov, who had been based in Warsaw between 1981 and 1992, in order to discuss the deal (Wagstyl 2004). What made matters even worse was that Alganov was a well-known person in Poland who had been involved in another high-profile political scandal in the mid 1990's which led to the resignation of the then left-wing prime minister Józef Oleksy (Perlez 1996). It also quickly emerged that President Aleksander Kwaśniewski directly supported the sale of the refinery and backed Kulczyk in his efforts whereas Leszek Miller's post-Communist government was split on the idea, with some key ministers directly opposing it (Krasowski 2014). All these revelations resulted in a political earthquake on the Polish political scene and led to the creation of a parliamentary committee popularly known as "Orlengate" (2004–2005). Its proceedings were televised live on the main TV channels and were covered widely in the press (Czuchnowski and Wielowieyska 2004). "Orlengate" took place in the shadows of another major scandal known as "Rywingate", which shook Polish society to its core and which involved a top Polish media mogul/major Polish intellectual (Adam Michnik) and a majority of the Polish left-wing political elite (Skórzynski 2003; Zarycki 2009; Król 2015).

During the proceedings of the "Orlengate" committee, which began looking into various aspects of the Polish energy sector, it emerged that not only had Russian gas but also oil been purchased via powerful intermediary companies since the late 1990s. (Czuchnowski 2005). The greatest controversy surrounded the J&S Company based in Cyprus, which was virtually unknown to anyone in Poland but which was responsible for the sale of the majority of Russian oil to two Polish refineries. Perplexed Poles also learnt that two naturalized Ukrainian musicians headed the company. Rather understandably, during the Orlengate scandal, J&S's role in the Polish oil market was often compared to Gudzowaty's company and to his dealings with the Russians (Czarkowski 2008). However, there were some important differences. Most importantly, J&S sold oil to Poland at highly competitive prices (Todorowa 2016). This fact in itself would explain why J&S for a period of about 7 years was not on the radar of either Polish policy makers or commentators, as opposed to Gazprom and the intermediaries that they supported (Morka 1998). Furthermore, despite a fairly wide consensus in Poland that Gudzowaty was Vyakhirev's stooge, the same type of consensus however, does not exist in the case of J&S with some arguing that the company was a creation of the Russian oil lobby and others stating that it was a Polish idea (Wielowieyska 2015).

The picture that emerged from the Orlengate affair was one of a country run by corrupt politicians who readily collude with a home grown as well as a foreign oligarchy. According to some commentators, Poland, a country that had just joined the EU, seemed

to resemble Ukraine rather than a Western democracy (Indulski, Jakimczyk, and Dzierżanowski 2005). The Orlengate scandal was a watershed moment in the Polish post-Communist history. It marked the end of the post-Communists as a serious political force and destroyed the political careers of those involved, including the Prime Minister and the President. One could even go as far as to say that the Polish transition can be divided into two periods – one before and after the oil scandal (Millard 2006). Most importantly, Orlengate opened the doors to Law and Justice (PiS) and the Civic Platform (PO) two political parties, that have their roots in the post-Solidarity camp, and which have dominated and shaped the Polish political scene from the mid-2000s onwards (Krasowski 2014: 257, 2016). Orlengate has also cast a long shadow over the Polish energy security debate. In response to the country's energy dilemma, the new partners began drawing up ambitious plans regarding new pipelines that would bring oil and gas from Central Asia and other locations and finally end Polish dependency on Russia and Russian interest groups (Tymanowski 2012: 83; Tomaszewski 2011; Roth 2011; Czarkowski 2006). The issue of climate change and alternative sources of energy apart from fossil fuels did not play any part in the discussions (Bednorz 2009; see also: Gardiner 2015; Wantuch 2016).

The political fallout from Orlengate meant that the energy security issue stayed high on the country's political agenda despite the fact that there was little room for concern (Tymanowski 2012). After all the Russians never tried to shut down the Druzhba pipeline which has been the real Achilles heel of the Polish energy system. However, by the mid-2000s very few politicians from the new establishment attempted to make a distinction between corruption, the role of the middle companies and energy security (Roth 2011). The sensational reporting around this issue throughout the 2000s fuelled the frenzy (Ostrowski 2010: 250; Bieleń 2012: 29). According to Zbigniew Łucki (2011) this was possible because the Polish public had a fairly poor understanding about energy matters and were not able to distinguish between political rhetoric and reality (see also: Łucki et al. 2006).

Polish accession to the EU in 2004 led to yet another rift in the Polish-Russian energy relations. In the second part of the 2000s Polish politicians had put forward several initiatives in the European forum in a bid to decrease dependence on energy supplies from Russia. This has included a treaty aimed at providing collective assistance in energy-related matters along the lines of the NATO charter, and Poland's support for securing direct gas supplies from Central Asian states that bypassed the Russian territory, such as the European Union-sponsored Nabucco pipeline (Goldthau and Sitter 2014: 16; see also Baev and Overland 2010). The reference to "NATO", which played well in Poland with the right and centre-right electorate, was in particular provocative and unnecessary. The idea was floated by Polish Prime Minister Kazimierz Marcinkiewicz who in an *Financial Times* guest commentary suggested that: "the energy security treaty could follow formulas contained in the 1949 Washington Treaty, an agreement that allowed for effective transatlantic co-operation, or provisions of the modified Treaty of Brussels that established the Western European Union in 1948." (Marcinkiewicz 2006). The relationships between Russia and Poland hit rock bottom when in 2006 Radosław Sikorski, then defence minister, famously noted that the construction of the Nord Stream pipeline under the Baltic Sea, which bypassed Poland, echoed the 1939 Molotov-Ribbentrop Pact, a pact that led to the outbreak of the Second World War (Kloth 2006). A very different Sikorski appeared in Berlin in 2011, at the height of the Euro crisis, to make

this statement: "I will probably be the first Polish foreign minister in history to say so but here it is: I fear German power less than I am beginning to fear German inactivity" (Taras 2014: 736).

The second part of the 2000s was high on damaging rhetoric but rather low on actions. The rhetoric became more high pitched in 2006 when the Polish Oil Company Orlen bought the Lithuanian refinery Mazeikiai, after Russians had openly stated that they wanted to buy it. The pipeline, which delivers Russian oil to the refinery "broke" shortly after the sale was completed and forced the Poles to supply oil in other, much more expensive ways. The refinery, which Poland purchased at a huge cost, is often hailed at the worst business deal in Polish history (Gwiazdowski 2010). In 2014 alone, Mazeikiai accumulated losses of over 1 billion zloty (Grzeszak 2014). The Mazeikiai deal sealed the breakdown in Polish-Russian energy relations.

The aftermath

The rapprochement with the Russians was facilitated mainly by the failure of Polish policy. The Nord Stream pipeline was built and became operational whereas the Polish backed Nabucco pipeline was scrapped (Goldthau and Sitter 2014: 16; see also Miller 2010). The first signs of how badly misguided Polish attempts at building alternative pipelines from Central Asia had become visible at the 2007 energy summit in Poland. The key player in the whole equation, the Kazakh President Nursultan Nazarbayev snubbed the Polish invitation and instead attended a meeting with his Russian and Turkmen counterparts (Kublik 2014). The EU, on its part, rejected Polish suggestions for constructing an "Energy NATO" and stressed the interdependence and need for cooperation with Russia (Tomaszewski 2011). Furthermore, the European Commission in its documents reminded Poland that the country was more secure than others in the region (Nagy, Rychlicki, and Siemek 2009). The Poles on their part became disillusioned with the lack of progress in Ukraine after the Orange Revolution and reflected critically on their previous support which had at times been almost unconditional. Yet, overall Poland's involvement with Ukraine remained high during the rapprochement phase (Szeptycki 2009). Furthermore, Russian companies also halted their efforts aimed at trying to buy parts of the Polish energy infrastructure through shady intermediaries. Another important step was the decision by the Polish centre-right elites to bring to a virtual halt the privatization of the oil and gas sector and to eliminate potential insecurities that came with it (Dąborowski 2014: 11). At the same time, some started to speculate whether Poland would not be better off if it simply sold Mazeikiai to the Russians, since no one else had declared an interest anyhow (Gadomski 2010).

The Putin administration also made some reassuring moves towards Poland as it eliminated intermediary companies – a product largely of the 1990s – that dominated the gas and oil trade between the two countries. Aleksander Gudzowaty's spectacular business career came crashing down after the departure of his patron on the Russian side Rem Vyakhirev from Gazprom. Gazprom's new bosses simply refused to work with Gudzowaty. Furthermore, at the Davos Summit in 2009 Putin assured Polish Prime Minister Donald Tusk that Moscow wanted to sell oil to Poland directly without the participation of any middle-companies. The Polish oil company Orlen signed its first contract directly with Rosneft in early 2013 (Kublik 2013). This was a significant move as

it clarified the relationship between the two countries and removed an issue which had been a cause of major controversies in Poland and responsible for a whole host of misguided policies. An additional important element, that contributed to the change was a more relaxed Polish attitude towards foreigners, including Russians, in part because 'an increased sense of collective security, in part because of newfound economic confidence' (Taras 2014: 710; see also: Nocuń and Brzezicki 2010).

To sum up, in recent years the Polish-Russian energy relationship has been relatively placid. Russia has not attempted to take any radical steps that would fundamentally undermine Polish energy security. Furthermore, various fixers and middle companies, which in the 1990s and 2000s acted as intermediaries in the sale of oil and gas between major Polish and Russian energy companies, have been virtually eliminated, making the energy relationship between the two countries much more transparent and straightforward. Russia has also ended its attempts at trying to buy Polish refineries whereas Poland brought to a halt its attempts at diversifying energy supplies from Central Asia and terminated its policies of accruing energy assets in the post-Soviet space. Further, it has stopped using – at least in energy relations – confrontational language.

Conclusion

Polish energy security was never threatened directly by the Russians. Yet, the issue of energy has remained high on the Polish political agenda for the last 25 years. In some ways the Polish position was fully justifiable. In the early 1990s the country had just become independent while energy resources, infrastructure and technical know-how were one of Russia's key assets which, in theory, could be used against Poland. The emergence of middle companies was interpreted and viewed as a possible move by the Russians against the Poles. The fact that post-communist politicians had close relationships with those companies inevitably fuelled suspicions. Yet, the middle-companies were not the Kremlin's secret weapon but merely a rent-seeking mechanism set up by political and business actors for the purposes of their own enrichment. Unfortunately, the scandals that accompanied those companies, their creation and survival, did real damage to the Polish-Russian energy business relations which, however, recovered and are likely to be conducted very differently in the future.

To some extent, the legacy of a relatively stable Polish-Russian energy relationship was visible during the Ukrainian crises of 2014–15. Whereas Poland advocated strong sanctions against Russia and an increased NATO presence on the eastern flank of the alliance, the issue of energy security has been much lower on the Polish agenda than one would expect given the history of regional energy relations in the 2000s (MacAskill 2017). Rather, the debate in Poland focused on the Ukrainian internal energy situation, unpaid bills and on gas storage capacity, with many commentators also discussing the deeply corrupted nature of the Ukrainian gas trade (Konończuk 2015). Yet, it has to be noted that Poles asked the EU member states to coordinate their energy policy more closely and that they worked towards the reduction of their dependency on Russian gas largely through the construction of a gas storage capacity and gas links with countries that are now most dependent on gas sold by Gazprom (Economist, 2014).

Disclosure statement

No potential conflict of interest was reported by the author(s).

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