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Gas Discoveries in Cyprus: The Limits of Russian Influence

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Offshore gas discoveries around Cyprus have brought several external actors to the region. Energy companies from the European Union, the United States and the Middle East acquired exploration rights and obtained stakes in projects of infrastructural development. While energy giants tied to these actors secured important shares in the currently developing Greek Cypriot gas industry, Russia is notably absent from the beneficiaries. The absence is particularly noteworthy as Russia has otherwise developed significant energy deals with other regional actors and exerts extensive economic influence over the Republic of Cyprus. This study seeks to examine why the Russian gas involvement did not materialise in Cyprus and why Moscow remained distant from the Greek Cypriot gas opportunities. It argues that not only systemic but also domestic factors constrained the expansion of Russian gas interests. To unpack the causes of this absence, the paper applies the theory and analytical framework of neoclassical realism and interprets foreign policy outcomes through the lenses of systemic and domestic variables. The study concludes that Moscow sacrificed its gas opportunities in Cyprus due to several structural and unit-level factors, including recognising Turkish interests in the island's energy disputes, protecting the regional stakes of national energy companies, and maintaining Russian positions in the Greek Cypriot financial sector.

Key Words: Russia, Cyprus, Eastern Mediterranean, geopolitics, natural gas, neoclassical realism

INTRODUCTION

Gas explorations in the Exclusive Economic Zones (EEZ) of Cyprus have been at the forefront of international attention since 2010. Although the global significance of the proven volume is limited, the

gas fields of Aphrodite, Calypso and Glaucus still possess considerable regional significance (Tzimitras 2019; Evaghorou 2020; Marketos 2021). Studies examining the geopolitical implications of this regional significance have reviewed several aspects and causes of
[4] energy disputes, the feasibility of multilateral partnerships and viability of export options (Gürel, Mullen, and Tzimitras 2013; Kirişci 2014; Tagliapietra 2014; Ellinas, Roberts, and Tzimitras 2016; Demiryol 2019; Ersoy 2019; Tziarras 2019a). In addition to regional stakeholders, the role of external actors has also been investigated, revealing prospects of European gas diversification, and analysing potential benefits and drawbacks of increasing US and Chinese influence (Mavroyiannis 2014; Tagliapietra 2016; Tsakiris 2018; Cropsey and Brown 2014; Özdemir 2020; Marketos 2021).

Beyond other regional and global actors, the literature has also detected an expanding Russian influence that has established a significant political, economic, and cultural presence in the Republic of Cyprus (ROC) (Melakopides 2016; Zavyalova et al. 2019; Mallinson, Kanevskiy, and Petasis 2020; Pritchet 2021; Stronski 2021). With an extensive and multisectoral influence, it could be assumed that Russia, a top supplier in the global gas market, also plays a prominent role in the emerging Greek Cypriot gas industry. The assumption may be further reinforced by Russia's regional involvements that have gained significant interests in the Egyptian, Lebanese, and Syrian offshore gas sectors. In contrast, however, Cyprus seems to be different from these examples, as in this case there was no significant Russian intervention in the currently developing gas industry. The literature has repeatedly drawn attention to the lack of bilateral gas cooperation and underlined the notable absence of Russian involvement (Paraschos 2013; Stergiou 2019; Evaghorou 2020).

This study seeks to investigate this anomaly by applying the theoretical and methodological framework of neoclassical realism. It attempts to understand the causes of the above-mentioned inconsistency and investigate the underlying causes of limited Russian involvement. It asks why Moscow has not developed close(r) gas cooperation with the ROC, despite having extensive influence over several sectors, including financial services and tourism. The paper

posits that a wide set of systemic and domestic factors constrained the implementation of classical and structural realist logics, which would have entailed a more extensive Russian involvement, with efforts to accumulate power potentials and control emerging competitors. To achieve its objectives, the study first selects the theoretical [5] and methodological framework of neoclassical realism, which has been recently applied to understand both Greek Cypriot and Russian foreign policies (Kropatcheva 2012; Romanova 2012; Becker et al. 2016; Tziarras 2019a; Zachariades and Petrikkos 2020). The selection of the theoretical background is a critical stage of the investigation, as neoclassical realism can not only reveal systemic causes but also reflects on the intervention of domestic variables. Equipped with such a dual analytical focus, the paper then explores the global, regional, and local (Greek Cypriot) trends of Russian gas affairs. Systemic and unit-level findings are connected to foreign policy outcomes in the discussion section, wherein the paper seeks to identify correlations between empirical findings and policy choices. At the end, the paper seeks to draw conclusions by listing foreign policy implications.

THEORETICAL AND METHODOLOGICAL BACKGROUND

Energy deposits play important roles in the realist arguments, hence both classical and structural realists acknowledge their significance. They claim that control of energy is important for both exporting and importing states, as it increases their security and reduces the negative effects of anarchy. The classical realist approach considers energy deposits as potential sources of power maximisation and regards them as strategic supplies (Morgenthau 1948). As in the anarchic international system, the struggle for power and security is continuous, states, driven by the responsibility of national survival and the desire to dominate, seek to maximise the control of material capabilities, including energy resources (Česnakas 2010). Great Powers are particularly interested in controlling material resources as their motivations are defined by efforts of power maximisation and interest in covering the costs of their leading positions. Accord-

ing to Robert Gilpin (1981, 156), '[a]lthough control over an international system provides economic benefits (revenues) to the dominant power or powers, domination also involves costs in manpower and material resources.' The structural realist explanation maintains
[6] this view, although it amplifies the influence and impact of systemic effects. It argues that the asymmetric distribution of capabilities differentiates between international actors, and thus energy abundance or absence may enhance or weaken states (Waltz 1979). While all states concentrate on natural resources, both classical and structural realists give special importance to great powers, from whom hegemonic energy policies are expected. According to the structural realist perception, newly discovered hydrocarbon deposits represent particular importance for hegemons, which 'have to make sure that if the pie is expanding, they are getting at least some portion of the increase' (Mearsheimer 2001, 52).

Consequently, the absence of hegemonic behaviour would certainly contradict the traditional realist arguments. As Česnakas (2010, 39) puts it, '[c]lassical realism cannot explain why states controlling great reserves of energy resources do not use them as tools for power expansion.' The literature explains the presence of such anomalies with human intervention. Högselius (2019, 81) believes that individuals in energy affairs maintain 'their own specific world views, agendas, visions, moods and desires' and 'do not necessarily follow any rational algorithms.' Among the theories dealing with human intervention, this paper employs the tenets of neoclassical realism.

While structural realism claims that systemic dynamics are enough to explain core developments of international relations, neoclassical realism argues that national power and systemic positions are translated to foreign policy outcomes through the lenses of domestic variables (Baylis, Smith, and Owens 2008). Rose (1998), who coined the term neoclassical realism, argues that foreign policies are not driven only by material capabilities and positions in the international hierarchy but also internal factors whose policy choices significantly influence states' behaviour. Their presence is highly influential as their interests, perceptions and motivations influence how

states react to systemic effects (Wohlforth 1993; Schweller 1998). As Zakaria demonstrates (1998), 'many states do not maximize their influence constantly,' as national leaders are often constrained by domestic pressures that force them to share available resources between the domestic and international spheres (Zakaria 1998, 83). An [7]
alternative approach was outlined by Schweller (2004) who believed that under balancing and consequent strategic mistakes are the results of decisions and failures of domestic actors extending from elite to society. In this sense, and regardless of the outcome, domestic variables are intervening units, linking systemic levels and material capabilities to internal factors of foreign policy choices. Although their footprint is significant, the presence of internal factors has not diminished the neorealist role of systemic level but rather produced an analytical framework in which foreign policy outcomes (dependent) are interpreted through the lenses of external (independent) and domestic (intervening) variables (Ripsman, Taliaferro, and Lobell 2016). Moreover, neoclassical realism has not only bridged external and internal levels, but also the theories of foreign policy behaviour and international politics (Smith 2018). According to Ripsman, Taliaferro, and Lobell (2016), contemporary neoclassical realism goes well beyond the original task of addressing foreign policy behaviours and has become a comprehensive theory of International Relations (IR).

Building on these theoretical arguments, the present paper seeks to understand how the neoclassical realist framework explains the limited Russian gas influence in Cyprus. In terms of hypothesis, it argues that *systemic and domestic variables both constrained the otherwise predictable Russian involvement in the Greek Cypriot gas affairs, thus forcing national stakeholders to stay away from the seemingly beneficial opportunities*. To test the hypothesis, the study applies the analytical framework established by Ripsman, Taliaferro, and Lobell (2016, 33–98) and separates analysing sections at the systemic, the unit, and the levels of foreign policy outcomes. Within the systemic section, the paper also distinguishes between the global and regional levels of relative power distribution and systemic clarity. Relative distribution of power refers to the allocation and hierar-

chies of global and regional power capacities (pp. 34–8), in the case of the present study, it refers to Russia's positions in the global and regional geopolitics of natural gas. Systemic clarity concentrates on the threats and opportunities that influence Russian gas diplomacy
[8] (pp. 46–52). Turning towards the unit level, the literature differentiates between various types of intervening variables (pp. 33–79). Among these, the factors of strategic culture, leader images[1] and domestic institutions are examined here. External and internal variables are connected in the section of Foreign Policy Outcomes which includes a discussion section as well. Since a multidimensional analysis is beyond the scope of the paper, it focuses mainly on the positions of the Russian gas sector, discussing other areas of bilateral relations only at the unit level.

THE GLOBAL LEVEL: RUSSIAN ROLE IN THE GEOPOLITICS OF NATURAL GAS

Russia's global positions in the *relative distribution of power* are greatly influenced by its vast gas reserves. Currently, Russia has the largest proven natural gas reserves in the world, representing about 20% of the global proved quantities in 2020 (BP 2021). These large deposits have provided a leading position in the gas market since the 1980s, with Russian supplies accounting for an average of 20% of global exports per annum between 2011 to 2020. Pipeline-based exports have traditionally been centred around the European[2] continent, which has purchased about 75% of total Russian gas exports during the 2010s (table 1). In the corresponding period, Russian export accounted for an average of 35% of annual European imports, with the largest negative swing in 2012 (29%) and the largest positive shift in 2017 (39%). All in all, between 2011 and 2020, Russian

[1] According to Ripsman, Taliaferro, and Lobell (2016, 61–66), the term 'leader images' refers to the perceptions and beliefs of individual decision-makers.

[2] Geographical classifications are based on the territorial division of BP statistics, in this case, Europe refers to European members of the OECD plus Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Gibraltar, Latvia, Lithuania, Malta, Montenegro, North Macedonia, Romania, Serbia and Ukraine. For more information see BP (2021, 69).

TABLE 1 Natural Gas Export Volumes – Selected Indicators, 2011–2020 (bcm)

	2011	2012	2013	2014	2015
Russian Gas Export to Non-European states	80.8	70.7	63.1	54.2	47.7
Russian Gas Export to Europe	140.6	130	162.4	147.7	159.8
Total Gas Export of Russia	221.4	200.7	225.5	201.9	207.5
Total European Gas Import	459.4	446.5	448.6	413.1	456.4
Total Global Gas Export	1025.4	1033.4	1035.9	997.2	1042.4
	2016	2017	2018	2019	2020
Russian Gas Export to Non-European states	39.0	41.5	47.3	48.1	53.2
Russian Gas Export to Europe	166.1	189.4	200.6	208.5	184.9
Total Gas Export of Russia	205.1	230.9	247.9	256.6	238.1
Total European Gas Import	472.2	489.1	550.4	591.1	561.9
Total Global Gas Export	1084.1	1134.1	1236.4	1286.6	1243.7

NOTES Adapted from BP (2012; 2013; 2014; 2015; 2016; 2017; 2018; 2019; 2020; 2021).

[9]

supply quantities to Europe grew by an annual average of 3.7%, their share of European import markets have increased by 6.4%, while the continent's total gas imports grew by an average of 2.5% per year (BP 2012; 2013; 2014; 2015; 2016; 2017; 2018; 2019; 2020; 2021).

Although modest gains can be viewed as positive developments, the share of Russian gas exports to non-European destinations has been on a declining trend and only slightly increased in 2020 (table 1). The reduction was associated with the recent gas discoveries in the post-Soviet space (e.g. Azerbaijan, Kazakhstan and Turkmenistan), which was a traditional destination of Russian resources. Another reason is the emergence of new competitors. According to Kutcherov et al. (2020, 1), the 'silent revolution of shale gas' has reshaped the global gas market, leading to the emergence of new competitors, lowering prices, and the formation of new technologies and supply routes. Although Russia has increased its production capacity to respond to these challenges, the 2.4% growth rate between 2009 and 2019 was far below the US rate (table 2). In addition, new competitors such as Iran, Canada, Qatar, China and Australia have

TABLE 2 Market shares and Growth Rates in Global Gas Production: Selected Indicators

Country	Share of Global Production		Growth rate per annum	
	2019	2020	2008–2018	2009–2019
USA	23.1	23.7	4.3	5.2
Russia	17.0	16.6	0.9	2.4
Iran	6.1	6.5	6.8	5.9
Qatar	4.5	4.4	8.3	6.4
China	4.5	5.0	7.2	7.5
Canada	4.3	4.3	0.7	0.9
Australia	3.8	3.7	12.1	11.9
Norway	2.9	2.9	2.0	1.0
Algeria	2.2	2.1	1.3	1.3
Malaysia	2.0	1.9	1.1	1.8
Indonesia	1.7	1.6	−0.3	−1.4
UAE	1.6	1.4	2.3	2.0
Egypt	1.6	1.5	0.3	0.7
Nigeria	1.2	1.3	3.9	7.8

NOTES Adapted from BP (2019, 34; 2020, 36).

[10]

also produced higher growth rates and developed effective LNG export technologies (Klare 2017, 35). In the case of the latter, Russia is also lagging behind, despite having increased its LNG exports by an annual growth rate of 19% between 2011 and 2019 and controlling around 8.3% of the global LNG exports in 2020 (Klare 2017, 35). All in all, Russian gas production represented about 18.5% of total global production in 2011, and 16.6% in 2020 (BP 2012; 2021).

Supply routes have also begun to change in the recent period due to the shale gas revolution, the spread of LNG technologies, the emergence of new consumers, diversification policies, and the destabilisation of traditional transfer regions. Russia's self-inflicted conflicts are also problematic in this respect, as, for example, the Russian-Ukrainian conflict makes the development of new pipeline links (e.g. TurkStream, Nord Stream 2) essential, and thus significantly affects Moscow's energy and foreign policies (Sziklai, Kóczy, and Csercsik 2020). A less Russia-dependent trend is the growth of

Asian gas consumption, which increases the importance of these markets and forces Moscow to gain stakes (Taghizadeh-Hesary et al. 2021). In this case, however, existing partnerships, emerging competitors, and the lack of export infrastructure are all hindering Russian efforts. Despite developing pipelines and using new LNG capacities, Russia still has a weak, though slightly growing market share in Asia. Between 2011 and 2020, Russia exported an average of 17 bcm of natural gas per year to the Asia-Pacific region, mainly in the form of LNG. Pipeline supplies have begun to play an increasingly important role with the interconnection of Russian (Power of Siberia) and Chinese (Heihe-Shanghai) pipelines and with the delivery of 0.3 bcm to China in 2019 and 3.9 bcm in 2020 (BP 2020; 2021; Liu and Xu 2021). In sum, Russia's share of the Asian market averaged around 5% during the last decade (BP 2012; 2013; 2014; 2015; 2016; 2017; 2018; 2019; 2020; 2021). [11]

Turning to the components of *systemic clarity,* it can be stated that Russia's global gas positions may be reinforced by some ongoing trends, while also can be constrained by certain prevailing threats. When briefly summarizing global *opportunities,* it is again important to emphasize Russia's significant gas reserves, as both energy consumption and gas demand have slowly increased in recent years, hence favouring countries with large deposits. According to BP's statistics, global primary energy consumption grew by 1.9% between 2009 and 2019 (BP 2021). Natural gas has been playing an important role in enabling higher consumption, for example in 2019, about 36% of the additional demand was provided by new natural gas supplies (International Gas Union 2020). Covering large proportions of consumption growth, the share of natural gas in primary energy demand have also increased slowly in the previous decade, representing about 21% of total demand in 2010, 22% in 2015 and 23% in 2019 (International Energy Agency 2020a). According to the calculations of IEA, the slow expansion will continue in the future with around 1.7% of demand growth between 2019 and 2025 (International Energy Agency 2020b). According to the same source, Moscow will play a crucial part in supplying the demand growth, and its existing and new gas fields will solidify 'Russia's position as the

world's largest natural gas exporter' (International Energy Agency 2020b, 48).

These Russian opportunities are significantly *threatened* by some global transformations. One of the most important threats is the
[12] emergence of new suppliers and newly discovered gas resources, which are reshaping the market and undermining the current positions of Russia (Grigas 2017). While Moscow's core competitors are still lagging behind, the proven reserves of Iran (32 tcm), Qatar (24.7 tcm) and Turkmenistan (19.5 tcm) indicate that large-scale explorations are providing more and more opportunities for competitors. At the same time, the increasing competition affected prices and developed two contrasting trends. The first trend was characterized by low prices and abundant resources, while the second was marked by high demand, relative scarcity and skyrocketing prices. The first trend, which represented the period between the mid-2010s and summer of 2021, affected Moscow particularly negatively, as the share of oil and gas production in the Russian economy has increased from 34% in 2010 to 38% in 2018 (Franco 2021). The second trend is unfolding since mid-2021 due to the Asian overtake of LNG supplies, relative scarcity in Europe and cuts of spot market top-up sales by Russia (Oxford Analytica 2021). The changes may benefit Moscow in the short run, but, at the same time, could force EU consumers to further diversify their supply sources. The possibility threatens Russian positions even in the mid-run, as adapting EU countries may further prioritise alternative suppliers and exploit the LNG potentials of emerging North American, Middle Eastern and Central Asian partners.

THE REGIONAL LEVEL: RUSSIAN ROLE IN THE EASTERN MEDITERRANEAN GAS DYNAMICS

Global positions indicate that Europe remained the most important market for Russian gas in the 2010s, though the role of alternative regions has begun to grow. These circumstances have also increased the importance of the Eastern Mediterranean where geopolitical reconfigurations caused significant changes in the *relative distribution of power*. According to Tziarras (2019b, 5), recent regional dynamics

are characterized by energy discoveries, geopolitical antagonism, new imbalances of power, new security imperatives, and increasing interests of external powers. Russia plays an active role in all of these processes, although the extent of its influence fluctuates. Moscow takes proactive positions in regional security measures (e.g. [13]
military involvements), economic aspects (e.g. arms trade), and energy developments (Pritchett 2021; Stronski 2021). Among the various regional interests, hydrocarbon geopolitics play as important part as security aspects or economic factors. Considering the above-described global characteristics, gas discoveries are particularly sensitive issues for Moscow, providing opportunities and threats at the same time. Opportunities, by offering Moscow the possibility to participate in the currently developing projects, and threats, by endangering Russia's regional and European positions through the emergence of new competitors. According to Mamedov (2021, 100), Russia reacted to these controversial developments by surveilling and participating 'in the most promising energy exploration, production and export projects.' However, as will be presented in this section, these initiatives have produced mixed results, enhancing Moscow's energy influence in some regional countries while increasing fears of external interference in others.

To continue with the exact details, Russian energy exports have traditionally been moderate in the Eastern Mediterranean region. Between 2011–2019, the largest recipient was Turkey, followed by Greece, purchasing an average of 12% of Russia's total exports in the 2010s (Gazprom 2019; 2020a). In the period between 2011–2019, Gazprom supplied a total of 23.1 bcm of natural gas to Greece, which was equivalent to 63% of the Greek gas consumption. Bilateral energy relations began to deteriorate in 2014, when oil exports to Greece fell sharply, partly due to EU sanctions against Moscow, and partly due to the drop of oil prices and abundance of supply sources (Kuznetsov et al. 2017; Pritchett 2021). Although the volume of gas imports has not fallen as steeply, from this period onwards Greece's goal to diversify gas supplies became more apparent. Moreover, Athens has repeatedly side-lined offers from Russian companies wishing to invest in the privatization of the Greek gas

TABLE 3 Value of mineral fuel* import from Russia in the Eastern Mediterranean, 2010–2019 (million USD)

Year	Greece	Turkey	Cyprus	Syria	Lebanon	Israel	Egypt
2010	3060	8440	826	229	196	768	92.6
[14] 2011	4380	7870	812	864	244	411	91.4
2012	5720	8720	1400	0.37	103	499	336
2013	6300	7330	1300	0.9	463	881	358
2014	3770	5700	482	5.86	637	1010	1170
2015	2280	4390	172	2.61	487	606	330
2016	1930	3810	168	1.51	236	580	215
2017	2590	5470	231	2.18	268	970	438
2018	3580	7990	457	1.81	116	2900	785
2019	3670	8600	522	1.15	308	631	339

NOTES * Harmonized commodity description and code: HS2, ID 527. Based on data from the Observatory of Economic Complexity (https://oec.world).

sector. Examples of rejection extend from Sintez bidding for DESFA (Public Gas Transmission System Operator), through Gazprom offering €2 billion for DEPA (Public Gas Corporation of Greece), to ELPE's (Hellenic Petroleum) privatization rules restricting the participation of Russian companies (Taylor 2012; EnergyPress 2018). Consequently, the last years of the previous decade were characterized by ambivalent Russian gas positions in the Greek market. Episodic achievements included the TurkStream pipeline beginning to flow Russian gas to Greece in January 2020, and Gazprom signing a long-term supply contract with Mytilineos in June 2020 (Gazprom 2020b; Tsolova 2020). Nevertheless, the impact of these agreements is greatly reduced by the opening of Gas Interconnector Greece-Bulgaria in 2020 and the development of an LNG terminal in Alexandroupolis, both of which will allow Greece to channel a significant amount of alternative gas resources (Dimitrov 2020).

Russian gas positions in Turkey seem to be more ideal, at least for the moment. Taking the 2011–2020 data, Turkey is by far the most important regional partner for Russian gas interests. During the period, Turkey purchased an average of 11.1% of total Russian gas exports, which amounted to an average of 24.3 bcm gas per year. This

volume represented 54% of all Turkish consumption, with a higher dependence at the beginning of the period (2011: 62%; 2012: 62%) and a much lower at the end (2019: 35%; 2020: 36%) (Gazprom 2019; 2020a; BP 2012; 2013; 2014; 2015; 2016; 2017; 2018; 2019; 2020; 2021). Turkey, apart from being a significant importer of Russian oil and [15]
contracting Rosatom to build the Akkuyu nuclear power plant, is also a crucial transit route (Winrow 2017). Among the gas pipelines heading to Turkey, Blue Stream and TurkStream deliver Russian gas with a current capacity of 47.5 bcm/year (Gazprom 2020a). The capacity could theoretically cover 100% of Turkey's annual average consumption (46.7 bcm). In practice, however, this amount will not be realized, as TurkStream will also supply other countries and Turkey aims to diversify its supply routes. In this respect, Ankara's options are enhanced by the Baku–Tbilisi–Erzurum Pipeline, the Trans-Anatolian Gas Pipeline and the Tabriz–Ankara Pipeline, together representing a 55 bcm/year maximum transfer capacity. In addition to pipelines, growing LNG capacity also reduces the potential of Russian gas influence. Currently, three LNG terminals and floating units contribute to Turkey's gas diversification, whose role is illustrated by the fact that in 2019, Turkey imported 12.9 bcm LNG that was equivalent to 29% of its annual consumption (BP 2020). The trend has continued in 2020 when the country imported 14.8 bcm LNG covering about 32% of its annual consumption (BP 2021).

In the absence of direct pipeline links, Russian gas has a much lower market share in the rest of the Eastern Mediterranean. The only significant LNG exports in recent years have been delivered to Egypt, where Gazprom supplied a total of 6.8 bcm of gas in 2015–2016 (Gazprom 2020a). Furthermore, Rosneft also provided Egypt with a moderate amount of LNG purchased from international markets (Kazmin 2016; Soldatkin 2017). In addition to exploiting commercial opportunities, Russia has also been focusing on newly discovered gas fields. Russian efforts in this regard succeeded in December 2016, when ENI sold its 30% stake of the Shourouk Concession containing the giant Zohr gas field to Rosneft (ElBassoussy 2018). As Rosneft also owns 10% of the operating company, the Rus-

sian share can be considered significant in the concession, especially when taking into account that the Zohr field has already provided 68 mcm daily output in August 2019 (Kiselyova and Soldatkin 2019).

[16] Although with much less success, Russian companies have also shown interest in Israeli gas developments. This has been based on a close oil trade partnership that peaked around 2006 when Russia and the Commonwealth of Independent States supplied about 88% of Israel's oil imports (Nurieva 2017). As illustrated in table 3, the level of Israeli oil dependency significantly declined over the following decade, yet the newly discovered gas fields still presented opportunities for Russian companies. Gazprom first targeted the Tamar field and sought to acquire shares in Isramco, which owns 29% of the gas field (Yeshayahou 2011). After unsuccessful attempts with Tamar, Gazprom turned towards the Leviathan field and attempted to secure shares in the production sector. Although President Vladimir Putin himself lobbied for the involvement of a Russian gas giant, the tender was eventually awarded to Woodside Energy of Australia in December 2012 (Baev 2014). Thus, the only stakes that the Russians could secure has been produced by Gazprom Marketing & Trading Switzerland, a Swiss subsidiary of Gazprom, which has successfully signed a long-term LNG purchase and sales contract in February 2013 (Nurieva 2017).

The limited Russian performance in Israel has been largely associated with Moscow's gains in Syria and Lebanon, as neither Tel Aviv nor its Western allies have been interested in supporting regional Russian advances by granting shares in the Israeli gas sector. Moscow's assistance to Bashar Al-Assad in the Syrian civil war was at least partly compensated in December 2013 when Syria has granted Soyuzneftegaz a 25-year concession to a 2190 km2 area within its EEZ. Although the company dropped its plans due to security reasons, Damascus again granted exclusive exploration and production rights in Syrian territories for Russia in 2017 (Koduvayur and Everett 2019). Equipped with such comfortable positions, Russian-led exploration and/or production is scheduled to begin in 2023 (Salameh and Chedid 2020). Besides potential explorations and

proved Syrian reserves, the country's transit position is also crucial for Moscow. From the Russian point of view, Syria's importance is highly increased by its potentials to hinder onshore gas transfer from the Persian Gulf via Turkey to Europe (Koduvayur and Everett 2019). [17]

The Russian presence in Syria is a rather effective steppingstone towards the slowly evolving Lebanese gas sector. The interconnection of Russian interests in both countries was demonstrated by Moscow's offer in June 2019 to mediate the Lebanese-Syrian maritime dispute, which could block future efforts of exploitation. Russian concerns in the matter are linked not only to Syrian but also to Lebanese gas positions: After a long and postponed tendering procedure, the Lebanese government awarded two exclusive petroleum licenses for the consortium of Total, Eni and Novatek in December 2017. Although the decision favoured mostly the French and Italian companies, Novatek still owns 20% of shares (Salameh and Chedid 2020). Russian companies are also expected to participate in the next licensing rounds, while also trying to obtain stakes in the construction and operation of gas infrastructure. Rosneft, for example, has reportedly competed in a public tender to operate floating storage and regasification unit that is expected to ease electricity shortages and then be used for transforming and utilizing domestic offshore resources (Rose and Brown 2019).

To summarise the regional overview, over the past decade, Russia has been an active stakeholder in the region's hydrocarbon geopolitics. Russian intentions were defined by the dual policies of either directly participating in the regional gas affairs or indirectly influencing them. Nevertheless, Eastern Mediterranean energy policies have undoubtedly functioned as eastward extensions of Russia's European gas interests. As Stergiou put it, 'Moscow tried to undertake pre-emptive action against everything that can undermine its hegemonic position as energy-provider to the European Markets and the countries of the Eastern Mediterranean' (Stergiou 2017, 106). These efforts have produced mixed results, but they have undoubtedly put Russia on the map of regional gas affairs. For Moscow, the two most important countries in the region are Syria and Turkey, the former

mainly for geopolitical and security reasons, the latter primarily but not exclusively for economic and energy considerations. In addition, both countries are important for geographical reasons, as they are positioned to hinder Europe's diversification efforts.

[18] Russia's central interest in preserving or enhancing its European gas positions has also influenced its attitude towards gas explorations in the Eastern Mediterranean. In this case, *opportunities* are mainly linked to the emerging gas market, as Russian gas giants may intervene and take significant slices from regional developments. The policy of involvement can be observed in almost all countries in the region, although Russian gas influence has larger impacts mainly in Greece, Turkey, Syria, Lebanon and Egypt. In these cases, developing the gas industry and infrastructure have provided several prospects for Russian companies scaling from technical tenders to business and financial opportunities. With such gains, and by using the Russian stronghold of Syria, Moscow expects to influence regional gas developments and counterbalance the interests of its competitors.

In the case of regional *threats,* it is important to distinguish between current and future risks. Assessing the current situation, it can be argued that the global significance of Eastern Mediterranean gas discoveries lags far behind the regional importance. Combined regional gas discoveries, including estimated ones (table 4), would represent fairly about 1.6% of total global reserves, compared to Russian proved reserves which make up around 20% of global reserves (BP 2021). With this volume, gas discoveries in the Eastern Mediterranean could mostly threaten Russia's regional supplies and would be less competitive in the European market due to moderate supply quantities, technological and geological challenges, high construction costs and prices. The risk of losing Russia's regional position is also reduced by the fact that Turkey, Russia's largest gas partner in the area, has strained relations with most potential suppliers in the region, including Israel, Egypt and Cyprus. While this may change in the future, Russia's influential presence in Syria could easily prevent the establishment of onshore or offshore gas pipelines towards Turkey.

TABLE 4 Offshore Gas Fields and Discoveries in the Eastern Mediterranean

Country	Gas field	Discovered quantities (bcm)
Egypt	Zohr	849.5
	West Nile Delta	141.5
	Nour	56.6
	Nooros	56.6
	Atoll	42.4
	Baltim	19.8
Israel	Leviathan	622.9
	Tamar	305.8
	Tanin	36.8
	Karish	28.3
	Mari-B	28.3
	Noa	5.6
Palestine	Gaza Marine	28.3
Cyprus	Aphrodite	~141.5
	Calypso	~181.2
	Glaucus	~141.5

NOTES Adapted from Bowlus (2020).

[19]

Whereas the current situation poses relatively few threats for Russia, the future is much more problematic. According to estimations, the combined reserves of the Levant, the Nile Delta and Herodotus basins contain at least 13 225 bcm of recoverable undiscovered gas, which would represent approximately 6.6% of global resources in 2019 (USGS 2010a; 2010b; Elia et al. 2016). While it is not viable to draw conclusions from undiscovered quantities, the estimations still demonstrate possible threats to Russian positions and underline the risks of establishing alternative Eastern Mediterranean supply routes to Europe. Finally, it should be noted that other energy sources may also undermine regional gas dreams. From these options nuclear energy may provide opportunities for Russia (e.g. construction of nuclear power plants by Rosatom in Akkuyu, Turkey and Dabaa, Egypt), however public demand for renewable and green energy resources may rather serve the interests of regional and local actors (Mehmet and Yorucu 2020).

THE UNIT LEVEL: INTERVENING VARIABLES INFLUENCING RUSSIAN GAS POSITIONS IN CYPRUS

Systemic contexts of Russian gas positions are greatly impacting Moscow's energy strategy towards Cyprus. Following the methodol-
[20] ogy of neoclassical realism, this section highlights those Russian domestic factors that influenced the Putin administration's decision-making about Cyprus.

The Kremlin's *strategic culture* towards Cyprus is rooted in the Cold War. Since the establishment of ROC, Russia endorsed the maintenance of an independent and demilitarised Cypriot state and considered any forms of Greek and Turkish presence on the island as attempts to secure a permanent NATO base (Stergiou 2007; Sakkas and Zhukova 2013; Maslova, Zabelin, and Muntyan 2019). After close political connections during the Cold War, bilateral cooperation slowly but steadily expanded during the 1990s when Moscow and Nicosia have developed a multichannel partnership based on dynamic diplomatic, economic and cultural ties. As the opening of the new era, the ROC formally recognised the Russian Federation in April 1992 and established high-level contacts during the visit of President George Vassiliou to Moscow in October 1992 (Krasnov, Solovieva-Oposhnynskaya, and Artiukh 2019). Between 1992 and 2000, bilateral trade value represented an average of 5% of the ROC's total trade volume per annum, compared to the period of 2010–2019 when Russia's average share decreased to 4% (Atlas of Economic Complexity, n. d.). Perhaps more importantly, the infamous double taxation treaty was signed in December 1998, allowing wealthy Russians to exploit Greek Cypriot offshore opportunities (Zavyalova et al. 2019). Suffering from the US arms embargos imposed in 1987, Nicosia also sought to cooperate with Moscow in the defence sector. Notable examples in these fields extend from contracting 41 Russian tanks with a value of 172 million USD in 1996 to ordering S-300 surface-to-air missile systems with a value of 230 million USD in 1997 (Krasnov, Solovieva-Oposhnynskaya, and Artiukh 2019; Stronski 2021). Another driving force of cooperation was the protracted division of Cyprus, in which Russia usually adopted the rhetoric of Greek Cypriots and provided political support for them, particu-

larly in the UN Security Council. Russia's stance on protecting legal frameworks has also extended to other areas. Contrary to Turkish positions, Moscow upheld compliance with UN conventions on the law of the sea, thus seemingly supporting the interests of Nicosia in the Eastern Mediterranean maritime disputes. In return, the ROC [21]
has proved to be tolerant towards Moscow's controversial foreign policy actions and was often accused of representing Russian interests in the EU (Leonard and Popescu 2007; Orenstein and Kelemen 2017; Stronski 2019). In addition, Western concerns have also been related to stationing requests and particularly to the continuing pressures on Greek Cypriots to allow the establishment of Russian military presence on the island. Although Nicosia has rejected these requests, Moscow has secured an anchoring deal that let Russian navy vessels to refuel and resupply at Greek Cypriot ports (Stergiou 2019).

These historical and contemporary dynamics outline the Russian strategic culture towards Cyprus. Both the Soviet Union and the Russian Federation viewed (and views) the island as an area of strategic importance, enabling Moscow to counterbalance NATO interests and promote its influence in the region (Maslova, Zabelin, and Muntyan 2019). Russia has therefore seen the island as a 'strategic cake' from which the Western (UK, US) and regional (Greece, Turkey) powers had already taken their slice in the 1960s and 1970s, and therefore, to maintain the regional balance of power, Russia has also a right to claim its share. Over the past decades, Russia has sought to legitimise this ambition in several ways, including seeking to become an official stakeholder of Cypriot peace negotiations or, like the UK, claiming basing areas. As the Western powers have categorically rejected a *de jure* representation in all cases, Russia has established sector-specific influences. During the Cold War, this was mainly linked to the communist party AKEL, while in the early 2000s it slowly spread to the financial sector (Sakkas and Zhukova 2013; Pritchett 2021).

Although Russia has established close cooperation with ROC at the beginning of the 21st century, it is crucial to underline that Moscow does not overestimate the significance of the island. As

highlighted earlier, Turkey and Syria are the most important regional actors for Russia, and therefore it subordinates its interests in Cyprus to them. This can be seen, on the one hand, in the attitude towards the Cyprus conflict, in which Russia supports the
[22] Greek Cypriots rhetorically but in practice does not go against vital Turkish interests. On the other hand, it is also evident in Russia's attitude towards Cypriot gas developments, in which Moscow does not seek to oppose either Turkish or its own interests. To sum up, Russia's foreign policy in Cyprus reflects Moscow's global and regional strategy and it is based on maintaining (or establishing) the balance of power and enhancing multipolarity.

As the strategies of Russia's vital policy areas are firmly centralized, it is reasonable to claim that the previous section also reflects the Russian *leaders' perceptions* towards Cyprus. Russian presidents have traditionally maintained good relations with Greek Cypriot counterparts, largely due to the common Orthodox heritage and the fact that some of the Greek Cypriot leaders were educated in the Soviet Union or the Eastern Bloc (George Vassiliou, Demetris Christofias). This attitude is reflected in the frequency of high-level visits, with Russian and Greek Cypriot presidents meeting 13 times between 1991 and 2019 (Krasnov, Solovieva-Oposhnynskaya, and Artiukh 2019). Although this is less than the volume of EU summits involving Greek Cypriot leaders, it is much more than the number of meetings (1) between the US and Cyprus presidents. Moscow's greater interests indicate that Russian leaders attach considerable importance to developments in Cyprus.

However, this importance is limited and selective. Statements by President Putin and Foreign Minister Sergey Lavrov indicated that Russian leaders have three particularly important themes concerning Cyprus: multilateralism and strengthening the role of the UN in maintaining stability and peace; supporting basic principles of international law; and further enhancing of economic relations (Gotev 2015; Christou 2020; TASS 2020, 2021). While the selective application of these issues is itself indicative, it is important to note that Russia does not necessarily support Greek Cypriot positions on these three issues either. This became apparent in September

2020, when President Anastasiades asked for Russian assistance in the maritime disputes with Turkey, and though Moscow offered mediation, it avoided openly supporting the Greek Cypriot positions, rather promoting the search for compromise (TASS 2021).

[23] These selective positions reveal that Russian leaders are essentially tying their Cyprus strategy to Turkey, and more precisely subordinating their support for Greek Cypriots to Russian interests in Turkey. In the minds of Moscow's leaders, the most important element of Greek Cypriot-Russian relations is therefore neither the settlement of the Cyprus conflict nor the emergence of Greek Cypriot gas production, both red flags for Turkey, rather the conservation of island-wide stability which also allows the preservation of Russian economic and strategic positions (Baev 2014).

While in the theoretical framework of Ripsman, Taliaferro, and Lobell (2016) the perceptions of leaders (or 'leader images') refer to the beliefs and perceptions of individual decision-makers, domestic institutions cover wide ranges of state structures, informal institutions and processes affecting decisions of policymakers. When analysing the influence of Russian *domestic institutions* in Cyprus, the role of financial and energy sectors requires special attention. Both sectors include public, corporate, and mixed actors, and as a result of the formal and informal connections to government circles, these actors have an impact on Russian decision-making processes. The Russian financial sector has traditionally viewed the island as a key destination and an offshore haven. After the Greek Cypriot economic crisis (2013–2014) the European troika sought to end offshore opportunities as a condition to its €10 billion bailout, however, these sets of rationalization efforts have produced mixed results. According to the Central Bank of Russia (2021), the accumulated direct investments to Cyprus still amounted to 178 billion USD at beginning of 2021, representing about 40% of the total Russian outward investments. In the corresponding period, direct investments from Cyprus amounted to 156 billion USD, which constituted around 29% of the total direct investments in Russia. These figures show no significant divergence in the case of outward investments from Russia to Cyprus, but signal some negative changes in

the case of inward investments to Russia from Cyprus (figure 1 and figure 2).

Compared to the statistics recorded before the Greek Cypriot economic crisis, investments originating from Cyprus represented
[24] an average of 34% of total investments in Russia between 2009–2013, while, in the same period, Russian investments to Cyprus amounted to an average of 37% of the total outward investments. The decreasing value of outbound Cypriot investments indicates that the comfortable Russian positions in the Greek Cypriot financial sector began to change, partly due to Western pressure on Nicosia, partly due to the Kremlin's monetary decisions to increase tax on dividends earned in offshore havens (Zavyalova et al. 2019; Tokarev 2021). The first results of these changes are already being felt in Cyprus. According to the Central Bank of Cyprus (2021), the value of deposits owned by non-EU citizens decreased from 21,5 billion EUR in 2012, to 11,8 billion EUR in 2014, and to 6,2 billion in August 2021. The outflow of non-EU capital is significant, though does not include those Russians who invested at least 2 million EUR in real estate and received Cypriot citizenship (Stronski 2021). According to Pritchett (2021), about half of the 3153 Cypriot 'golden passports' issued between 2013 and 2020 were granted to Russian citizens, thereby reinforcing the Russian minority that amounted to 5–6% of the total population in 2018 (Stergiou 2019).

Besides the financial sector, another traditionally lucrative business was energy, as electricity generation in Cyprus is mainly oil-based, with Russian sources playing a prominent role. Cyprus has traditionally been one the most dependent regional actors on Russian mineral fuel, with an average of 19% of its resources originating in Russia between 2010 and 2018. This situation has been challenged by the discovery of Cypriot gas on the one hand, and the expansion of Western energy interests in Cyprus on the other. As in the case of Greece, imports of Russian mineral fuels to ROC have also decreased since 2014, representing an average of 13% share between 2015 and 2018. While these losses will not knock out Russia's oil companies, they do signal that regional consumers may slowly but steadily replace oil imports with domestic gas resources.

FIGURE 1

Total Outward Direct Investments of Russia and the share of Cyprus and Germany, 2009–2021 (adapted from Central Bank of Russia 2021)

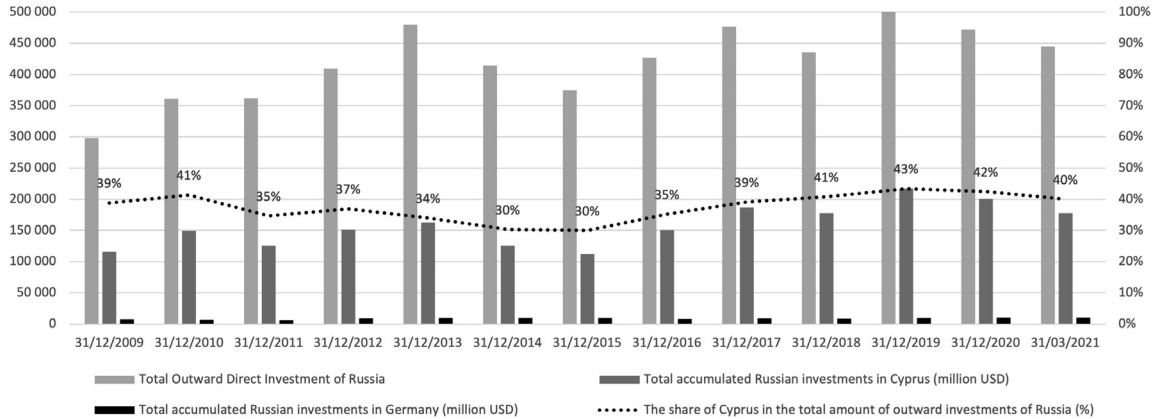
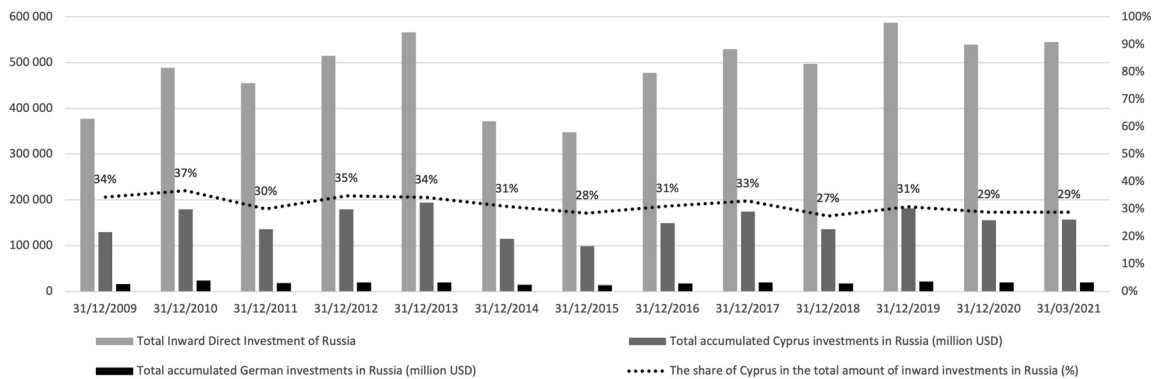


FIGURE 2

Total Inward Direct Investments in Russia and the share of Cyprus and Germany, 2009–2021 (adapted from Central Bank of Russia 2021)



Due to these developments, Russian decision-makers have been presented with two strategic choices regarding gas discoveries in Cyprus. The first is that Moscow gains influence in the Greek Cypriot gas industry, thereby obtaining further economic and political capital in the ROC but confronting Ankara's interests and risking positions in Turkey. The second is that Russia tries to maintain its economic and political positions in Cyprus but distances itself from the gas developments, thus keeping Ankara pleased by accepting losses in the Greek Cypriot energy sector. In terms of foreign policy choices, Russian leaders selected the second option, prioritising regional energy and strategic interests over potential power maximisation in Cyprus.

[26]

FOREIGN POLICY OUTCOMES AND DISCUSSION

The systemic and unit-level variables outlined above have determined foreign policy outcomes and defined Russian decisions over Greek Cypriot gas opportunities. These systemic and internal features contoured a particularly complex situation in which Russia's global and regional interests, as well as the concerns of certain unit-level factors, limited Moscow's ability to engage in the gas developments of Cyprus. Table 5 briefly summarises these developments and outlines some of the main Russian-related activities that have taken place since the discovery of gas in Cyprus.

The table 5 reveals that Russia was seeking to gain more prominent gas positions mainly before 2014. During this period, Novatek and Rosneft showed greater interests, although neither managed to take positions. The long-term absence of state-owned Gazprom is certainly indicative, as is the Turkish warning to expel all energy companies involved in the explorations in the disputed EEZ of Cyprus. Gazprom's attempts to obtain a drilling license in 2013 is a notable exception and an indication of short-term responses to rapidly emerging opportunities offered by the financial crisis of ROC. These attempts, however, cannot be regarded as long-term strategic goals. On the contrary, Gazprom remained distant from the Greek Cypriot gas developments in the long-term and allowed other Russian companies to participate in the upcoming licenc-

TABLE 5 Key Events Linked to Russia in the Gas Developments of Cyprus

Event	Year
Cyprus completes its first licencing round – no Russian bid	2007
Russian navy nears gas drilling zone in the Cyprus EEZ	2011
Discovery of Aphrodite gas field by Nobel Energy in Block 12	2011
President Christofias expressed hopes that Russian companies would participate in the second licensing round of Cyprus	2012
Turkey warns it will shun firms involved in Cyprus oil and gas drillings	2012
Cyprus completes its second licencing round: Nicosia decided to award Consortium led by Total, Novatek and GPB Global Resources for the Block 9	2012
The Greek Cypriot government announced its decision to end talks with the French-Russian consortium over licencing rights of Block 9, choosing instead to start negotiations with ENI-KOGAS	2012
Greek Cypriot Parliamentary delegation arrived in Moscow: Russia claims it has a strategic interest in the energy developments of Eastern Mediterranean	2013
Itera owned by Rosneft attempts to negotiate with Cyprus Public Gas Company to supply gas for electricity production; negotiations fail	2013
Gazprom proposed to undertake the financial restructuring of Cyprus banks in exchange for exploration rights	2013
Cyprus' third licensing-round for blocks 6, 8 and 10 – no Russian bid	2016
Discovery of Calypso gas field by ENI in Block 6	2017
Russia warns Cyprus against allowing US military deployment on the island	2018
Discovery of Glaucus gas field by Exxon Mobil and Qatar Petroleum in Block 10	2019
Three consortia running for Cyprus LNG terminal construction – no Russian bid	2019
Novatek bid for supplying LNG to Cyprus	2019
Eni and Total have postponed exploratory drilling in Cyprus due to COVID-19	2020
Anastasiades calls Putin to help ease gas search tensions with Turkey	2020

NOTES Based on the archives of Reuters, Hürriyet and Cyprus Mail.

ing rounds. This behaviour demonstrates that Russia was pursuing mixed strategies until 2014, and while Gazprom's absence attempted to appease Ankara, Moscow still sought to maximise its power po-

tential through other companies. During this period, Russia followed the same tactics in Cyprus as in other states in the region and tried to obtain exploration and drilling rights.

While before 2014 Russia was trying to take its share from Cypriot
[28] gas deposits, after 2014 it abandoned its balancing strategy. From this period onwards, Moscow distanced itself from all major opportunities and concentrated on consolidating its dominant role in the economic sector. It is important to note that Russia at the same time remained active in other regional theatres: Rosneft secured a 30% stake of Egyptian Zohr gas field in December 2016; Total, Eni and Novatek consortium obtained two Lebanese licenses in December 2017; while in the same year Damascus granted exclusive exploration and production rights for Russia. Perhaps more importantly Gazprom has received Ankara's permission to construct TurkStream Line 1 in 2016 and Line 2 in 2018 (Pinchuk 2016; Geropoulos 2018).

These activities indicate that the Russian strategy of gaining energy positions based on classical realist logic has only changed in the case of Cyprus. According to the findings of the present study, the policy shift may have occurred due to the following reasons:

- From 2014 onwards, the deteriorating Russian-EU relations and the uncertain fate of Nord Stream 2 have made the construction of TurkStream increasingly important for Russia. For this reason, Moscow was reluctant to oppose Ankara's ambitions in Cyprus and deliberately distanced itself from the otherwise low-profit Greek Cypriot gas opportunities.
- Russia has been considering its national and corporate energy interests and has not intended to assist and support the emergence of potential competitors with EU membership.
- Consequently, Russia did not protest excessively when its companies were side-lined in licensing tenders and, despite its heavy political and economic presence on the island, it has not clashed with the EU member ROC to further Russian gas interests.

These findings enable the study to test the hypothesis, which argued that the absence of Russian involvement in the Greek Cypriot

gas developments has not only been caused by systemic obstacles, but also by the interests of domestic variables. More precisely, the hypothesis argued that *systemic and domestic variables both constrained the otherwise predictable Russian involvement in the Greek Cypriot gas affairs, thus forcing national stakeholders to stay away from seemingly beneficial opportunities*. The analysis has shown that Russia's strategic choice to limit its role in the Greek Cypriot gas sector was indeed influenced by both systemic and unit-level factors. At the systemic level, the advancement of Russian gas interests in Cyprus has been constrained by variables of Russian-EU, Russian-US, Russian-Turkish and Turkish-Greek Cypriot relations, forming a sensitive geopolitical situation in which Moscow had to choose between its systemic and Cypriot interests. These systemic constraints were compounded by domestic variables. The attitude of the *strategic culture* proved to be a cornerstone in this respect, as it pragmatically subordinated Russian interests in Cyprus to those in Turkey. *Leader images* have amplified these tendencies and defined Cypriot gas opportunities along with Russian interpretations of the balance of power. Such interpretations seemed to consider Russian positions in the Greek Cypriot *financial sectors* as Moscow's spheres of interest, while they also appeared to recognise and respect realms of the Cyprus equilibrium dominated by other actors. This balancing policy, however, was not driven by cooperative attitudes, rather by ambitions to protect economic positions in Cyprus on the one hand, and safeguard regional interests of Russian *gas corporations* on the other. These corporations would have been able to gain important stakes in the gas developments of Cyprus and thus hold major economic and political positions in an EU member state. Nevertheless, the possibilities offered by Turkey far outweighed these potentials and reduced the relative value of Cypriot gas opportunities. All in all, the results confirmed arguments of the hypothesis and proved the influential impacts of systemic and domestic factors. Among these, both external and internal factors played important parts: systemic components laid down the foundations of external conditions, which were filtered by domestic units along with major strategic objectives. Thus, it is worth noting that the analysis has not only

[29]

demonstrated the analytical potential of neoclassical realism but also showed its ability to reform the traditional realist arguments and comprehend international politics as a mature theory of IR.

[30] ## CONCLUSION

In the past decade, several new geopolitical factors have emerged in the Eastern Mediterranean. Among these, gas discoveries are particularly important because they can both benefit and harm regional and global actors. They can benefit if national energy consumption is supplemented with local gas resources, exports generate financial surpluses, and governments exploit discoveries as geopolitical gains. Nonetheless, they can also cause harm if benefits and profits are not distributed among regional actors and utilized only by a selected few. Due to such dichotomies, states adopt realist strategies and apply rational choice models to determine the ideal balance between domestic interests and potential systemic gains and risks.

Russia has used similar tactics to evaluate the costs and benefits of Greek Cypriot gas opportunities. Although the values of advantages and disadvantages have shifted several times over the past decade, possible benefits have never exceeded the potential costs. Moscow has therefore refrained from implementing the traditional realist logic in Cyprus and concentrated its power maximisation efforts on regional actors offering higher rewards. The process, however, was influenced not only by systemic factors but also domestic ones: potential national and corporate gains in Cyprus have been constrained domestically to secure more beneficial regional and European positions. The study, therefore, proved the significant impact of unit-level variables and confirmed the neoclassical realist position arguing that national power and systemic positions are translated to foreign policy outcomes through the lenses of domestic factors (Baylis, Smith, and Owens 2008).

It is important to note that the external and domestic parameters leading to these findings are far from being static. Consequently, Russia's priorities may change as new geopolitical factors emerge, forcing Moscow and Nicosia to develop closer energy ties. Possible geopolitical developments such as the discovery of new gas

reserves, the deterioration of Russian-Turkish relations or the commissioning of the East Med gas pipeline would certainly transform the components of regional equilibrium and raise Moscow's interests to rebalance by gaining stakes in the Greek Cypriot gas sector. To understand and interpret these developments, future research [31] needs to pay more attention to Russia's role, as Moscow has not only returned to the region in recent years but has become an integral part of Eastern Mediterranean affairs.

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