

# **Energy Diversification in Italy between 1946 and 1984: The Crucial Role of the Technical Staff**

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## ABSTRACT

Italy's move to broaden its energy sources by emphasising natural gas dates to the 1940s, when efforts were first made to tap into the Po Valley's resources. After his appointment as special commissioner of the Italian petroleum agency Agip to dismantle it, the technical staff of the company persuaded Enrico Mattei that the Po Valley was rich in methane. Despite such an unrealistic assessment of the situation, the idea of exploiting the – scarce – national resources proved to be fundamental in Mattei's plan to create Eni, aka the national hydrocarbons board, and led him to believe that the country should continue to rely on gas, considered as important as oil. Therefore, the technical staff, that is, the employees who dealt with energy issues, have played a key role since the beginning, as they have encouraged the Italian government to focus on methane. Accordingly, this paper seeks to provide an analysis of the contributions made by technical personnel during key stages of Italy's energy diversification process. As a result, Italy has come to depend more on gas resources to meet its national requirements, particularly from the early 1980s onward when it entered into agreements with Algeria and the Soviet Union. The Italian case falls squarely within the framework of the so-called energy geopolitics. Events can now be better reconstructed thanks to a larger number of sources that are now available in Eni and Italian Presidential Archives, as well as the Andreotti papers, held by the Luigi Sturzo Institute in Rome.

## Introduction

Italy's move to broaden its energy sources by emphasising natural gas dates back to the 1940s, when efforts were first made to tap into the Po Valley's resources. After his appointment as special commissioner of the Italian petroleum agency Agip in order to dismantle it, the technical staff of the company persuaded Enrico Mattei that the Po Valley was rich in methane. Despite such an unrealistic assessment of the situation, the idea of exploiting the – scarce – national resources proved to be fundamental in Mattei's plan to create Eni, aka the national hydrocarbons board, and led him to believe that the country should continue to rely on gas, considered as important as oil. Therefore, the technical staff, that is, the employees who dealt with energy issues, have played a key role since the beginning, as they encouraged the Italian government to focus on methane.

Accordingly, this paper seeks to provide an analysis of the contributions made by technical personnel during key stages of Italy's energy diversification process. As a result, Italy has come to depend more on gas resources to meet its national requirements, particularly from the early 1980s onwards when it entered into agreements with Algeria and the Soviet Union. The Italian case falls squarely within the framework of the so-called energy geopolitics. According to Högselius, the supply of energy in the world is inherently geopolitical (Högselius, 2019) and the history of Italian developments confirms this view. The article thus deals with a topic of great interest in relation to the contemporary public and historiographical debate on the energy issue in Italy, placing the Italian case within the existing literature (e.g.: Cleveland, 2009; Högselius, 2013 and 2019; Painter, 2014; Shojai and Katz, 1992; Victor, Jaffe and Hayes, 2006; Yergin, 1991). Events can now be better reconstructed thanks to a larger number of documents held in the archives of Eni and of the Italian Presidential Office, as well as the Andreotti papers, held by the Luigi Sturzo Institute in Rome.

## 1. Over-Optimistic Expectations about the Po Valley

The Italian government started investing in gas in the 1940s, after the discovery, in 1944 of the first significant natural gas field in Caviaga, a small town in the province of Lodi. Because of the significant challenges in accurately measuring the size of the gas field – and with methane levels continuing to increase – the technical staff at Agip came to believe that the reservoir was bigger than they had initially anticipated. Agip mechanical engineer Carlo Zanmatti conducted this assessment, which also influenced the future of the town of Caviaga. Appointed as General Director of Research and Production in 1940, when Agip headquarters were located in Rome, he became the company manager in 1944, with his office being based in Milan during the Fascist regime. Although he recognised the Italian Social Republic, he personally chose to halt gas extraction from the Caviaga well. This decision was kept confidential to prevent the Nazis from seizing control of the site. After World War II, it was decided that Agip – a company created under Fascist autarkic policies – should be dissolved to make room for private enterprises. Enrico Mattei was appointed as Agip's special commissioner on April 28, 1945, with the responsibility of dissolving the company.

In these circumstances, despite being dismissed for cooperating with the Italian Social Republic, Zanmatti sent confidential information to Mattei and stressed the importance of continuing gas exploration in the Po Valley. Zanmatti was convinced that the area was rich in methane, a resource he believed could play a key role in the the country's growth<sup>1</sup> and which up to that moment, had only been used in North America. As Zanmatti's letters had made Mattei curious, he decided to discuss the issue with the rest of Agip technical staff, who encouraged him to verify the former manager's assessment<sup>2</sup>. In March 1946, a second well was found in Caviaga, which

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<sup>1</sup> Cf. D. Pozzi, *Dai gatti selvaggi al cane a sei zampe: tecnologia, conoscenza e organizzazione nell'AGIP e nell'ENI di Enrico Mattei*, Marsilio, Venice, 2009, pp. 160-161.

<sup>2</sup> Cf. G. Accorinti, *Quando Mattei era l'impresa energetica. Io c'ero*, Hacca, Matelica: 2008, p. 55.

seemed to corroborate Zanmatti's hypothesis, also due to the fact that methane had been found inside some kinds of rock formations that were common in the entire Po Valley. As a result, the technical staff – especially Zanmatti – were instrumental in persuading Mattei not to break up Agip. They successfully convinced him that Italy could achieve energy independence by exploiting the natural gas fields in the Po Valley. This led to the foundation of Eni and the development of Mattei's counter-oil policy, which started to focus on foreign methane supplies when it became clear that the gas fields in the Po Valley were not as large as expected.

The first agreement between Eni and the Soviet Union was signed in October 1960, with Italy being provided with huge quantities of gas. Mattei's strategy also resulted in negotiations for the construction of a methane pipeline connecting Italy to Algeria. Negotiations failed following an accident in Bascapé, in which Mattei lost his life. However, even under the new management, Eni focused on the same resource, signing an agreement with Esso regarding gas supplies coming from Libya. In the years that followed, the search for further and more affordable gas supplies continued in line with the technical staff's assessment of national energy needs.

## **2. Energy Diversification in the 1960s**

Eni technical staff's assessment and analyses were also at the core of the energy decisions made by the Italian government in the second half of the 1960s. In 1967, meetings started to take place at Palazzo Chigi (aka: the headquarters of the Italian Prime Minister), during which Italian decision-makers discussed the most plausible and affordable alternatives for the country in order to issue guidelines on this matter. Besides high-ranking government officials, the vice president of Eni, Eugenio Cefis, and its general manager, Raffaele Girotti, too participated in such meetings. Referring to detailed reports drafted by their technical staff, Cefis and Girotti highlighted the need for Eni to address the issue of energy shortages. A key

meeting about natural gas was held on March 16, 1967, when the government faced a decision on whether to sign energy diversification agreements with the Netherlands, Algeria, or the Soviet Union. Based on the analysis conducted by Eni technical staff, national production was expected to decrease significantly in 1970, due to the scarce resources available in the country. The most crucial aspect to consider when choosing suppliers was cost. The Italian government chose to prioritise gas, resulting in methane being sold to domestic industrial buyers for 9.25 Liras per cubic metre – a politically set price that was lower than the European average, which typically ranged from 13 to 16 Liras per cubic metre. Therefore, the vice president of Eni highlighted the need for a constant gas supply at an affordable price that could prevent price increases at the national level. The Soviet offer met these needs, as it was able to guarantee a constant supply at a lower price than Libya and the Netherlands. Furthermore, Italy could pay gas imports by exporting goods, with methane delivered via the pipeline under construction. Eni technical staff had estimated that Italian gas needs for the following twenty years would amount to 11-13 cubic billion of gas. This led those attending the meeting to agree that it was essential to continue negotiating with all three countries, as the technical staff had suggested.<sup>3</sup>

Italian decision-makers were aware of the need to diversify natural gas supplies, especially after the Suez Canal was closed in 1967 as a consequence of the Six-Day War. However, while Eni's priority was the signature of an agreement with the Soviet Union, the Italian government aimed at resolving outstanding issues with the Netherlands and Algeria and in this context Italian Minister of Foreign Affairs Amintore Fanfani even travelled to Algeria, a move that forced Eni to resume negotiations with that country. As a result, Eni de-

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<sup>3</sup> Cf. *Importazione di gas naturale: riunione odierna presso la Presidenza del Consiglio*, (unsigned) internal Note on the import of natural gas, Ministry of Foreign Affairs, Directorate General for Economic Affairs, Office II, Rome, 16 March 1967, Archivio Storico della Presidenza della Repubblica (ASPR) Presidential Archives, f. Foreign and Domestic Policy, Office for Diplomatic Affairs, 1955-1992, b. 1101.

cided to give in to government demands and in mid-March 1968 suspended the negotiations with the Soviet Union focusing its attention on the other two suppliers. However, if talks did not quickly produce a deal, Eni was ready to sign an agreement with the Soviet Union. This was partly due to issues with the high prices of Algerian and Dutch gas, which were above Italian standards, especially in light of the more favourable terms offered by the Soviets. This led Eni to resume negotiations with Moscow, with an agreement being signed in Rome on 10 December 1969. Starting from 1973, the Soviet Union was to supply six billion cubic metres of gas per year for twenty years, via the border between Austria and Czechoslovakia, in exchange for a 200-million-dollar loan to purchase Italian materials and equipment for the construction of a pipeline. Such a mutually beneficial agreement meant that Italy could rely on large gas supplies at a competitive price. Although the agreement was finalized, it was not until May 1974 – four years later – that Soviet gas reached Italy, when the pipeline between the Austrian-Czechoslovakian border and Tarvisio in Italy was finally opened.

Although negotiations with state-owned Algerian oil company Sonatrach<sup>4</sup> continued, it was proving difficult to reach an agreement on the price of gas. Furthermore, the new policy adopted by oil-producing Arab countries aimed at countering leading international companies led to the Algerian government's decision to nationalise its resources. In February 1971, Algeria seized a 51% share of the French oil companies, which allowed the Algerian government to resume negotiations with Italy. On 8 August 1973, an agreement was signed for the supply of 11.7 billion cubic metres of Algerian gas for 25 years as well as for the construction of a trans-Mediterranean pipeline connecting Algeria and Italy via Tunisia,<sup>5</sup> with the price of Algerian gas becoming even more competitive. However, this pro-

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<sup>4</sup> Société Nationale pour la Recherche, la Production, le Transport, la Transformation, et la Commercialisation des Hydrocarbures.

<sup>5</sup> Cf. *Accordi SONATRACH*, internal Note, undated, but certainly written in August 1973 in Rome, Eni Archives, ENI, DE, Africa, Algeria, b. 8, f. 7CO.

cess took a considerable amount of time and was further complicated by developments in the global energy market during the 1970s.

The agreements signed with the Soviet Union, the Netherlands, and Algeria were based on Eni technical staff's assessment of the resources needed to address national shortages and a gradual increase in national demand for methane.

### **3. From the Oil Shocks to Agreements Being Signed with Algeria and the Soviet Union**

When the first oil shock occurred in 1973, Italy was unprepared, due to its heavy dependence on oil imports from the Middle East. This meant that an immediate solution to the energy crisis had to be found. The strategy adopted by Eni, and approved by the government, involved continuing negotiations with both the Soviet Union and Algeria, in order to diversify energy supplies by focusing on gas, as the technical staff had suggested.<sup>6</sup> On 12 December 1973, Girotti signed an agreement with Tunisia for the construction of a trans-Mediterranean pipeline, which was to run through that country. A final agreement between Italy and Algeria was signed on 19 October 1973. Nevertheless, in 1975, owing to a significant global increase in the hydrocarbon prices, both Tunisia and Algeria asked for a renegotiation of the terms of the agreements, with the trans-Mediterranean pipeline project being temporarily abandoned. The project did not receive support from Eni, which was engaged in efforts to encourage the Italian government to source gas from the Soviet Union. Nevertheless, Eni discreetly pursued negotiations with Algeria, culminating in an agreement signed on 22 October 1977. This agreement initiated the construction of the trans-Mediterranean pipeline, with supply deliveries anticipated to commence in late 1981.

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<sup>6</sup> This was in line with what had been described as the "methane alternative" a strategy adopted by Eni and approved by the Italian government aimed at promoting the use of natural gas throughout the country, with import agreements being signed with the Netherlands, Algeria, and the Soviet Union.

Following the first oil shock, Eni technical staff continued to highlight the need to reach new and profitable agreements with the Soviet Union. Deputy Director of Foreign Relations, Raffaele Santoro explained the reason in an internal memo dated 22 January 1974, known as the “Santoro Proposal”.

“In light of such a situation, Italy, and Eni in particular, need to consider what the Soviet Union may offer.

Two main aspects should be taken into account:

- On the one hand, Eni requires a steady and consistent supply of natural gas, as it must meet a demand that grows by 4 billion cubic metres annually, using the transportation resources currently available.
- On the other hand, in order to implement its industrial development plans, the Soviet Union is interested in maintaining and increasing the industrial supplies and financial resources that Italy has traditionally provided.

Both perspectives need to be considered in a different context. They should no longer be seen as ‘an effort to enter a foreign market,’ but they should rather be regarded as a vital contribution to the development and maintenance of economic relationships between the two countries. [...]

Based on such reflections and taking into account both the role played by Eni in the field of energy supplies and the complementary relationships between the two economic systems, it is deemed essential to reach an agreement with the Soviet Union.”<sup>7</sup>

However, Eni technical staff’s stance, which was confirmed in other similar documents, was not in line with that of the government, as the approach Eni suggested was considered too restrictive for the country. In a letter to Minister of Foreign Affairs Moro, the Italian Ambassador to Moscow, Piero Vinci, highlighted the risk of heavily relying on Soviet supplies, which could result in affecting

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<sup>7</sup> Cf. *Promemoria*, Memo, Rome, 22 January 1974. Despite being unsigned, the memo shows the words “Proposta Santoro” [Santoro Proposal], written in pen at the top of the page. Eni Archives, f. U.R.S.S., Eni Group Activities, b. 50, f. 15 (inverted commas in the original).

Italy's political and institutional balance.<sup>8</sup> Nevertheless, the challenges of the time led to new agreements being reached with the Soviet Union, with concerns and risks being disregarded. As Girotti pointed out in a letter of 16 April 1974 to the Directorate General for Economic Affairs of the then Ministry of State Holdings, the Soviet Union played a key role in Italy's energy security.<sup>9</sup> On the other hand, the current challenging conditions in the international energy market made the Moscow agreements particularly important. Furthermore, the Soviet Union had great potential for market penetration, which was particularly important for an increase in the export of Italian goods. Such an interpretation dispelled any doubts about the approach to be adopted, which was expected to benefit the national economy. The main obstacle to an agreement remained the change in the price of methane, the *sine qua non* for the Soviets to supply the established quantity of gas.

The issue of the cost of gas was interconnected with the restrictions imposed by Italian Law no. 425 of 24 July 1973, which provided that the price of gas had to be kept at the same level as of June 1973. This meant that reaching economically beneficial agreements was crucial also for the financial sustainability of Eni. It was in this context that negotiations were conducted with Soviet authorities. Signed in Rome on 29 April 1975, the final agreement renewed the one signed in December 1969. An additional billion cubic metres of methane per year were to be supplied to Italy between 1978 and 2000, while the Soviet Union was to purchase Italian systems and equipment that would become instrumental in the development of the Soviet gas industry. This happened shortly before the approval

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<sup>8</sup> Cf. *Lettera dell'ambasciatore italiano a Mosca, Piero Vinci, al ministro degli Esteri, Aldo Moro*, Letter by Italian Ambassador to Moscow Piero Vinci to Minister of Foreign Affairs Aldo Moro, Moscow, 5 February 1974, ASPR Presidential Archives, f. URSS, Office for Diplomatic Affairs, 1955-1992, b. 148.

<sup>9</sup> Cf. *Lettera del Presidente dell'Eni Raffaele Girotti, alla DGAE del Ministero delle Partecipazioni Statali*, Rome, 16 April 1974, ASEN, f. U.R.S.S., Attività della Società SNAM Progetti, b. 47, f. 10.

of the National Energy Plan,<sup>10</sup> a sectoral plan presented in July 1975 by the Minister of Industry and Trade Carlo Donat-Cattin, who tried to focus on national energy needs and pursued a policy of diversification of supplies in order to achieve increased energy security. In 1977, however, Soviet officials voiced additional concerns regarding the price of methane intended for delivery to Italy. The peremptory approach of the Soviet Union led Eni to meet its requests. On 14 December 1977, another agreement was signed in Moscow, by which Soviet gas was to be paid in dollars, with a considerable increase in the final price. The agreement was prolonged until 2000, resulting in an additional three billion cubic metres of gas being delivered to Italy annually. Additionally, the Italian oil company committed to placing orders worth at least \$340 million by 1980. The terms of the agreement that Eni had to accept in order to overcome yet another obstacle demonstrate how important Soviet gas had become to meet national energy needs. In the months that followed, Eni and the Soviet Union continued to collaborate and the latter even applied for a line of credit of 400 million dollars for the construction of a new methane pipeline at the European border, in the trans-Ural area. The new West-Siberian Pipeline was to transport methane from the Urengoy gas field, which had just started production, to Europe via Ukraine. The issue was officially discussed during the visit to Moscow of the Minister of State Holdings Antonio Bisaglia, which took place from 6 to 8 June 1978. A Christian Democrat, Bisaglia supported the idea of building a new pipeline in order to increase bilateral cooperation.<sup>11</sup> However, on that occasion discussions did not lead to a tangible commitment.

After all, the national energy system was to face a second oil crisis, with Italy being once more unprepared and too reliant on oil im-

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<sup>10</sup> Cf. Resolution no. 229 of the Interdepartmental Committee for Economic Planning of 23 December 1975.

<sup>11</sup> Cf. *Visita dell'On. Ministro Bisaglia in URSS - Incontro con Kosygin*, Note by the Directorate General for Economic Affairs of the Ministry of Foreign Affairs on Minister Bisaglia's visit to the Soviet Union, Rome, 23 June 1978, Eni Archives, f. U.R.S.S., Missions and Delegations, b. 46, f. 7.

ports, which accounted for nearly 80% of the national energy needs, even as a consequence of the failed attempts to implement the National Energy Plan and its amendments. Eni reverted to the strategy adopted in 1973, expanding its activities abroad. Such an approach included the maintenance and development of relations with Algeria and the Soviet Union. In the first case, when the construction of the Transmed Pipeline had nearly been completed, new issues arose about the price of gas, which led to new, complex negotiations. On the other hand, the fact that the Soviet Union could provide adequate energy supplies to Europe was to be seen as a threat by the United States, which feared that the Soviet Union could become the main methane supplier to Europe, due to its geographical position and the risk of new oil shortages.<sup>12</sup> The American fear became a reality in the 1980s. Together with France, Germany, and the United Kingdom, Italy was conducting negotiations for the construction of a trans-Siberian pipeline, which would result in tensions with the United States.

In both the Algerian and Soviet cases, Eni technical staff's assessment influenced the government's decisions.

#### **4. Disagreements about the Political Price of Algerian Gas**

The second oil shock also impacted the natural gas sector, with gas prices aligning with oil prices. As a result, when Algerian Minister of Energy and Petrochemical Industry Belkacem Nabi visited Italy from 5 to 7 February 1981, the Algerian government requested a revision of the terms of the agreement signed with Eni. The president of Eni, Alberto Grandi, deemed the agreement to be valid as it was, although he agreed to consider price adjustments and updates as long as the situation of the Italian and international market was

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<sup>12</sup> Cf. "CIA Views on World and Soviet Energy Prospects", Letter from the Deputy Secretary of the Department of Energy (Mr. C.L. Jones) to the Foreign and Commonwealth Office (Mr. David Hannay), London, 8 November 1978, The National Archives (TNA), Foreign and Commonwealth Office (FCO), 8/3205.

taken into account.<sup>13</sup> North African gas was already 20% more expensive than Dutch and Soviet gas, which led Eni technical staff to state that there was little room for renegotiating the deal made with Sonatrach in 1977. As a result, a disagreement occurred when the Transmed Pipeline was almost finished.

Under the safeguard clauses included in the agreement, the dispute could have been referred to international arbitration, which may have meant that the Algerian company would have had to respect the terms of the agreement. Such an approach was successfully adopted by some American companies that had similarly been asked to renegotiate the terms of their agreements. However, the matter became “bloody complicated” for the Italian government, as it was stated by Giovanni Osvaldo, one of the engineers working for Snam, a subsidiary of Eni. This was due to some Italian politicians trying to meet the requests of the Algerian government, in an attempt to protect economic interests and secure favourable export conditions.<sup>14</sup> Among the politicians involved in that process there were representatives of the Socialist Party who were members of the first Spadolini Cabinet, including the Minister of State Holdings Gianni De Michelis, the Minister of Foreign Trade Nicola Capria, and the Minister for Extraordinary Interventions in the South Claudio Signorile. As the situation became increasingly complex, diplomatic relations between the two countries began to deteriorate. The Algerian Minister of Foreign Affairs Mohamed Salah Dembri made the position of the Algerian government clear when meeting Italian Ambassador Riccardo Pignatelli on 12 July 1981: the Algerians believed that the methane issue had to be considered within the broader context of bilateral relations between the two countries.<sup>15</sup>

<sup>13</sup> Cf. *Visita del ministro algerino dell'Energia Nani e rapporti ENI-Algeria*, (unsigned) Eni Note enclosed to a Report on Algerian Minister of Energy and Petrochemical Industry Belkacem Nabi's visit, drafted by the Prime Minister's Office and titled *Incontro con il Ministro dell'Energia e dell'Industria Petrolchimica dell'Algeria, Belkacem Nabi*, Rome, 6 February 1981, ACS, PCM, 1982-1983 Cabinet, UCD Subseries, b. 59, f. 140

<sup>14</sup> Cf. G. Osvaldo, “La Snam di Mattei”, in APVE, *La memoria raccontata 2: storie e ricordi di uomini e donne di ENI*, edited by F. Francescato and E. Orsini, Rome, 2015, pp. 216-217.

<sup>15</sup> Cf. *Prezzi gas-greggio: mio passo presso segretario generale ministro Affari Esteri*, Telegram

Nevertheless, having analysed the issue, Eni technical staff came to a categorical conclusion: Algerian requests were expected to make the price of gas uncompetitive in Italy, thus compromising the entire economic strategy adopted. This was due to Algerian gas likely to become from 50 to 100% more expensive than the other competitively priced sources of energy.<sup>16</sup> An increase in the price of Algerian gas would have led also to an increase in the cost of gas coming from the Netherlands, the Soviet Union, and the North Sea, which would have meant a downsizing of the role gas played within Italian energy policy. Yet, the new National Energy Plan, which had been submitted to the Interdepartmental Committee for Economic Planning and was to be examined by the government, envisaged an increase in the use of such sources, especially through a rise in imports, which were expected to go from 27 billion to about 43-45 billion cubic metres by 1990. In this context, Algerian supplies seemed to be fundamental, as long as they were provided based on the terms and conditions set out in the previous agreement. The absence of a new agreement began to negatively affect Italy's economic and commercial presence in Algeria, leading to the suspension or cancellation of several contracts across various sectors that had not yet been finalised or implemented. Numerous companies that relied on exports to Algeria were already suffering, as they had made investments linked to projects that were being suspended.

Once the construction of the Transmed Pipeline had been completed, Sonatrach blamed the delay on technical problems. Therefore, the importance of negotiations and the hesitation of Eni managers, who supported the assessment made by their technical staff, led to the situation being handled directly by the government.<sup>17</sup> It was believed that a compromise needed to be found, by adopting

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no. 354 from Italian Ambassador to Algiers Pignatelli to the Minister of Foreign Affairs, Algiers, 12 July 1981, ASPR Presidential Archives, f. Foreign Head of State's and Politicians' Visits to Italy, Office for Diplomatic Affairs, 1955-1992, b. 895.

<sup>16</sup> Cf.  *Sviluppo internazionale e nazionale del gas naturale*, (unsigned) internal Eni Report on national and international gas matters, Rome, September 1981, Eni Archives, Eni, Correspondence, Memos, Reports, U.R.S.S., Siberian-European Pipeline, b. 272, f. 55.

<sup>17</sup> Cf. "Audizione del ministro Capria, ai sensi dell'articolo 143, secondo comma, del

a similar approach to the one France was taking to solve the same kind of problem. It was suggested that the Italian government should pay a surcharge on gas, with the amount deposited in a bilaterally managed fund to be used to obtain favourable credit terms to deal with bilateral financial arrangements or purchase industrial supplies to build infrastructure in Algeria.<sup>18</sup> After all, both the Italian industrial sector, which aimed at obtaining compensatory benefits in the form of goods, and the Parliament had strongly recommended that the situation be solved diplomatically, by bypassing Eni.<sup>19</sup> The Spadolini Cabinet struggled to resolve the issue, partly because negotiations for a new agreement with the Soviet Union were also underway at the time. Such negotiations collapsed in December 1981, as a protest against the introduction of martial law in Poland.

Some interesting comments on the situation can be found in the Andreotti Papers, since Giulio Andreotti was the then-President of the Foreign Affairs Committee of the Chamber of Deputies. The above mentioned papers suggested that an agreement for the supply of Soviet gas should be “‘quietly’ reached, political initiatives taken to regain the respect and trust of the Algerian government, [...] and continuous negotiations should be conducted until an agreement is reached.”<sup>20</sup> Although the proponent of such an approach is unknown, the document was certainly drafted by a member of the government. In other words, the Italian government had decided to resolve the Algerian issue despite the objections raised

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regolamento, sulle trattative in corso per la costruzione del gasdotto tra l'Italia e l'URSS e sulla fornitura di gas algerino all'Italia”, speech delivered by Minister Capria to the 12<sup>th</sup> Permanent Committee on Industry of the Chamber of Deputies, *Bollettino delle Commissioni*, 15 December 1981, p. 31, Digitalised Parliamentary Records.

<sup>18</sup> Cf. *Colloquio con il ministro degli Affari Esteri della Repubblica algerina democratica e popolare, Seddik Benyahia - giovedì 28 gennaio 1982*, (unsigned) internal Note by the Diplomatic Advisor's Office, Rome, 27 January 1982, ASPR Presidential Archives, f. Pertini's Presidency Meetings, Office for Diplomatic Affairs, 1955-1992, b. 707.

<sup>19</sup> Cf. *Intervento del senatore Gerardo Chiaromonte*, parliamentary interpellations and questions, 19 January 1982, Digitalised Senate Records, Legislature VIII of Italy, shorthand report of the 360<sup>th</sup> public meeting, p. 18848.

<sup>20</sup> *Appunto*, (unsigned) Note, Rome, 31 May 1982, Luigi Sturzo Institute Archives, Giulio Andreotti Archives, Industry and Oil, b. 953 (inverted commas in the original).

by Eni. The Minister of Foreign Trade, Capria, was assigned to resolve the issue, officially confirming the political decision and sidestepping Eni.

On 27 September 1972, a memorandum of understanding was signed in Rome fixing the price of 4.41 dollars per million of British thermal units at the Algerian border, a British thermal unit being a measure of heat that corresponds approximately to 27.69 cubic metres of gas. Such a decision was met with criticism from both Eni and the political establishment itself. The Christian Democrat Minister of Industry Giovanni Marcora,<sup>21</sup> as well as the Snam management and its president, Enzo Barbaglia, threatened not to sign the agreement, because the amount agreed was far higher than the 3.50 dollars that Eni was willing to pay Sonatrach. This led the government to provide additional resources by adjusting the Eni endowment fund, in order for the internal market and consumers not to be affected by the higher purchase price. Yet, such a legislative measure resulted in stronger opposition to the agreement, which could cause a split in the government. Clearly, some members of the government failed to understand the real reasons that had led Snam and the technical staff to strongly oppose the agreement, which may have detrimentally impacted the other agreements already signed and the financial stability of the Eni group itself.<sup>22</sup> This prevented an immediate resolution of the situation.

The new president of Eni, Franco Reviglio della Veneria, was already pressuring the government about the promised complementary resources, which led the Council of Ministers to accelerate the process. Due to the discrepancy between the price that Eni considered acceptable and that agreed with the Algerian government, a bill was passed in February 1983 envisaging that the government would

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<sup>21</sup> Marcora's and other politicians' opposition to the agreement was not due to Algerian gas per se, but rather to the terms of the agreement, which were deemed not beneficial for Italian interests. Such doubts were expressed by the whole Parliament.

<sup>22</sup> The issue, which was intertwined with the agreements to reach with the Soviet Union, is explored in G. Oddo's recent book about Franco Bernabè. Cf. F. Bernabè, *A conti fatti. Quarant'anni di capitalismo italiano*, edited by G. Oddo, Feltrinelli, Milan, 2020, pp. 76-77.

allocate Snam additional funding for 26.5 Liras per cubic metre of imported gas, up to 540 billion Liras, until 31 December 1985.<sup>23</sup> This allowed Eni to show the Soviet Union that the higher political price that the Italian government had agreed to pay the Algerian government was not going to affect Eni, but the Treasury. A commercial agreement with Sonatrach was signed on 24 February 1983, despite the doubts voiced by the Christian Democrats, Social Democrats, Liberals, and Republicans. The final contract was signed on 27 April 1983, with Algerian gas starting to be supplied two years after the Transmed Pipeline had been completed.

Even in this case, the assessment made by technical staff and the general pressure exerted by Eni ultimately played a key role in the negotiation process.

## 5. Pressure for the Construction of a Trans-Siberian Pipeline

After the Urengoy gas field had started production, the Soviet Union put pressure on Germany, France, and Italy to build a trans-Siberian pipeline. Such a project was going to benefit all the parties involved, since the European countries would receive safe, cheap energy, while the Soviet Union could rely on a market for its methane, Western technology, and an additional income to face the domestic financial crisis. As the proponents of the project had suggested, the pipeline was going to start supplying about 10-11 billion cubic metres of gas per year in 1984, in order to reach forty billion cubic metres per year by 1986. All the equipment and materials necessary to build the pipeline were going to be purchased based on long-term credit obtained from buyer governments, which would be repaid through revenues from gas supplies, starting from 1984.

Nevertheless, when presenting the project, the Soviet government requested the Italian government to revise the terms of the con-

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<sup>23</sup> Cf. Eni, *Relazioni e bilancio al 31 dicembre 1982*, Eni Reports and Financial Statements up to 31 December 1982, Rome, 1983, pp. 18-19, Eni Archives.

tracts already signed, since it deemed the price of gas no longer in line with the market value.<sup>24</sup> As Eni technical staff acknowledged the competitive price of the resource, the company acknowledged its interest in additional supplies. However, as President Grandi pointed out, complex economic issues needed to be addressed by the government and bank authorities, whereas Eni was going to conduct negotiations on the cost of methane, which would not be easy, due to the new request for price revision. Yet the Italian decision to participate in the Soviet pipeline project was influenced by political – rather than financial – problems, caused by both the conflict within the government and a deterioration of bilateral relations following the invasion of Afghanistan.

The resulting delay in the Italian decision to participate in the project caused irritation in the Soviet Union, which needed to find the funding necessary to begin construction of the pipeline.<sup>25</sup> Therefore, the Soviet Union threatened to no longer involve Italy in the project, asking the Netherlands, Belgium, Sweden, Spain, and Greece to participate in it. Although such countries were willing to provide the necessary funding, they could not meet the Soviet request for the price of gas to be the same as that of oil, as the Algerian government was also demanding. The price of gas could never be compared to that of oil, due to both the different use made of the two resources and the higher costs associated with gas transport, storage, and distribution.<sup>26</sup> The situation grew more complicated

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<sup>24</sup> Cf. *Verbale dell'incontro tra l'Ing. Grandi e il viceministro del Commercio Estero dell'URSS, Ossipov. Roma, 24 luglio 1980 - Palazzo ENI*, (unsigned) Report on the meeting between engineer Grandi and Soviet Deputy Minister of Foreign Trade Ossipov, undated, but certainly drafted in Rome in July 1980, Eni Archives, f. U.R.S.S., New Gas Supplies to Western Europe, b. 259, f. 44.

<sup>25</sup> Cf. *Incontro con il viceministro del Commercio Estero Ossipov (Mosca 27 agosto 1980)*, Giuseppe Giorgi's Report on the meeting with Soviet Deputy Minister of Foreign Trade Ossipov, Moscow, 28 August 1980, Eni Archives, f. U.R.S.S., New Gas Supplies to Western Europe, b. 259, f. 44.

<sup>26</sup> Cf. *Forniture di gas naturale dall'URSS*, (unsigned) confidential Report on gas supplies from the Soviet Union, Rome, 5 November 1980, Eni Archives, f. U.R.S.S., Siberian-European Pipeline, b. 272, f. 55.

after Soyuzgazexport – the Soviet gas export company – sent a telegram on October 31, 1980, warning that they might cut back or stop gas deliveries unless the contract terms were changed. This alarmed Eni's technical staff to the point that Giuseppe Ratti, who was the coordinator for international affairs and director of the Foreign Department, immediately informed the Minister of Foreign Trade Enrico Manca that such a threat had not been made in twenty years, and especially during ongoing – albeit complex – negotiations.<sup>27</sup>

However, the Soviet approach led the Italian government to make a decision. During a regular meeting held in Moscow from 10 to 12 November 1980, the Italian Minister for Foreign Affairs Emilio Colombo declared that Italy was going to join France and Germany in the construction of the trans-Siberian pipeline.<sup>28</sup> The Soviet demands on the price of methane became more realistic, although Snam had to agree to a significant price revision.<sup>29</sup> An assessment conducted by Eni technical staff determined that such an increase in the price of methane was to be considered as plausible. A detailed report dated 14 January 1981 that was sent – albeit not signed – by engineer Mauro to Ratti stated that it was acknowledged that “the offer for petrol [was] not going to increase in the following decade and it [was] essential to reduce the dependence on that source.”<sup>30</sup> Therefore, the availability of gas across the world, and in the Soviet Union in particular, would play a more important role than that of

<sup>27</sup> Cf. *Promemoria per ministro Commercio Estero On.le E. Manca*, Giuseppe Ratti's Report for Minister of Foreign Trade Enrico Manca, Rome, 6 November 1980, Eni Archives, f. U.R.S.S., Siberian-European Pipeline, b. 272, f. 55.

<sup>28</sup> Cf. *Visita ufficiale in Unione Sovietica del Ministro degli Affari Esteri On. Emilio Colombo (10-12 novembre 1980)*, Note no. 131/3400 by the communication department of the Ministry of Foreign Affairs, Rome, 13 November 1980, ASPR Presidential Archives, f. Political and Business Trips and Missions Abroad (1965-1985) - URSS, Office for Diplomatic Affairs, 1955-1992, b. 801.

<sup>29</sup> Cf. *Situazione dei rapporti fra l'ENI e le Organizzazioni sovietiche*, (unsigned) Report on the relationship between Eni and Soviet organisations, drafted by the Eni office in Moscow, 22 December 1980, Eni Archives, f. U.R.S.S., Eni Activities, b. 171, f. 29.

<sup>30</sup> Cf. *Nuove importazioni di gas dall'URSS*, unsigned internal Note, sent by engineer Mauro to Ratti, Rome, 14 January 1981, Eni Archives, f. U.R.S.S., Siberian-European Pipeline, b. 272, f. 55.

oil, since the number of fields that had been and were expected to be found was more significant. Furthermore, the idea of relying more on gas than on other sources was in line with the updated National Energy Plan, which aimed at increasing the imports of methane by 1990, bringing them to thirty-seven billion cubic metres per year, thus accounting for 83% of the expected national consumption. In the early 1990s, as gas supplies from the Netherlands and Libya were set to decline, it became increasingly important to take advantage of the opportunities offered by the Soviet Union. Although the technical staff's decision to participate in the project seemed to be unambiguous, Italy was the only country involved that still had not made a concrete proposal.

Across the ocean, the Reagan administration was gradually transforming the opposition to the construction of the pipeline into political pressure aimed at reducing the increasing European economic reliance on the Soviet Union.<sup>31</sup> At that time, the Soviet Union exported about sixty-two billion cubic metres of gas per year, twenty-five of which to Western Europe through the already existing pipelines. Based on an analysis conducted by Eni technical staff, with the construction of a new pipeline, Western Europe, with the exception of the Netherlands, was going to consume up to sixty-five billion cubic metres of Soviet gas by the late 1980s, which would account for 29% of total consumption and 35% of imports.<sup>32</sup> Such a situation could also have an impact on the political sphere. The supply of external capital and technology were strengthening the Soviet financial system, which often translated into increased military investment. This led to an increase in American pressure, which became open opposition after the introduction of the martial law in Poland on 13 December.<sup>33</sup> Arguing

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<sup>31</sup> Cf. "Executive Summary, East-West Policy Study (Department of State)", undated, but certainly drafted in Washington in June 1981, in *Foreign Relations of the United States (FRUS), 1981-1988, vol. III, Soviet Union, January 1981-January 1983*, United States Government Printing Office, Washington, 2016, p. 176.

<sup>32</sup> Cf. *Nuove importazioni di gas dall'URSS*, unsigned internal Note, sent by engineer Mauro to Ratti, Rome, 14 January 1981, Eni Archives, f. U.R.S.S., Siberian-European Pipeline, b. 272, f. 55.

that the Soviet Union was directly responsible for events in Poland, the American approach was more successful in Italy than in other countries, with the Italian government deciding to suspend negotiations with the Soviet Union.<sup>34</sup>

The Italian government announced that it required time to consider the situation, leading to internal divisions and placing Prime Minister Spadolini in a difficult position.<sup>35</sup> The situation worsened when, on 29 December, Reagan announced that the United States would impose economic sanctions on the Soviet Union<sup>36</sup> due to its support to the Polish regime. Yet, on 19 January 1982, in a speech to the Senate in response to interpellations and questions on energy supplies and commercial exchanges between Italy and the Soviet Union, Colombo pointed out that the Italian government had just made a temporary political decision prompted by events in Poland, was not going to question the economic aspects of the issue and the related benefits in terms of energy supply.<sup>37</sup> The importance of the deal was restated, as it had also been done on multiple occasions by Eni, which resumed negotiations with the Soviet Union. On 27 January 1982, Eni failed to inform the government that it had reached an agreement with the Soviet Union on the technical price and amount of Soviet gas to import.<sup>38</sup> Despite rushing to confirm its previous decision, the Italian government began doing what had been

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<sup>33</sup> The Communist government imposed drastic restrictions on everyday life, in an attempt to counter political opposition, which was led by the Solidarity movement.

<sup>34</sup> Cf. G. Petracchi, "L'Italia e la 'Ostpolitik'", in E. Di Nolfo (ed.), *La politica estera italiana negli anni Ottanta*, Marsilio, Venice, 2007, p. 276 ff.

<sup>35</sup> Cf. G. Petracchi, "L'Italia e la 'Ostpolitik'", in E. Di Nolfo (ed.), *La politica estera italiana negli anni Ottanta*, Marsilio, Venice, 2007, p. 276 ff.

<sup>36</sup> Cf. *Statement on U.S. Measures Taken Against the Soviet Union Concerning its Involvement in Poland*, Washington, 29 December 1981, in Public Papers: Reagan, 1981, at <https://www.reaganlibrary.gov/archives/speech/statement-us-measures-taken-against-soviet-union-concerning-its-involvement-poland>.

<sup>37</sup> Cf. *Il ministro degli Esteri on. Colombo al Senato della Repubblica (19 gennaio - Resoconto stenografico)*, Report on Colombo's speech to the Italian Senate, Ministry of Foreign Affairs, Documents and Historical Archives, 1982. *Testi e Documenti sulla politica estera dell'Italia*, State Mint and Polygraphic Institute, Rome, 1985, p. 45.

<sup>38</sup> Cf. Eni, *Relazioni e bilancio al 31 dicembre 1982*, Eni Reports and Financial Statements up to 31 December 1982, Rome, 1983, p. 19, Eni Archives.

suggested in the Andreotti Papers and tried to reach a “quiet” agreement for the supply of soviet gas starting from 1 June 1982. Such a “quiet” approach proved instrumental in reaching a definitive agreement being reached with the Algerian government.

Nevertheless, it was still not the right time to implement the trans-Siberian project, as the international situation was far from being favourable. During the G7 Summit held in Versailles in 1982, it became clear that Reagan and Mitterrand had a different perception of the political risks related to the construction of a new pipeline. The situation changed on 13 November 1982, when three days after Brezhnev’s death and a day after Yuri Vladimirovich Andropov’s election as general secretary of the Communist Party of the Soviet Union, Reagan announced the lifting of sanctions imposed in response to the Soviet pipeline project, after discussing the issue with the North Atlantic Alliance.<sup>39</sup> Because the deal was so important, Eni’s management made efforts to persuade the Soviet Union to resume talks, which were halted multiple times before finally reaching an agreement on 27 January 1982. However, in 1983, the changes in the energy market and the economic difficulties faced by the Eni group led Eni to request the signing of the agreement not to be postponed any further.<sup>40</sup> A reduction in domestic energy demand resulted in a decrease in the cost of oil. The oil shocks that occurred in the 1970s had led developed countries to introduce policies aimed at energy conservation, which had caused a fall in oil demand worldwide. This situation, together with the availability of new international energy suppliers, meant that the Soviet request for a better price of gas was no longer in line with market trends. Therefore, on 12 April 1983, Eni asked the Soviet Union to renegotiate some terms of the agreement, a request that was granted after some initial hesitation, which showed how mutually important such a deal was.

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<sup>39</sup> Cf. *National Security Decision Directive 66*, Washington, 29 November 1982, in FRUS, 1981-1988, vol. III, cit., pp. 812-816.

<sup>40</sup> Cf. *Promemoria*, Eni document enclosed with a letter by Minister of State Holdings Clelio Darida to Prime Minister Bettino Craxi, Rome, 22 November 1983, Luigi Sturzo Institute Archives, Giulio Andreotti Archives, Industry and Oil, b. 953.

Eni technical staff conducted another analysis of sectoral prospects up to 1990, which dispelled any doubts and highlighted the need to sign an agreement for the supply of Soviet gas in order to meet the national demand.<sup>41</sup>

The impasse was broken only by the Craxi Cabinet in the early 1984. Negotiations resumed in March, which led to satisfactory results, as Eni technical staff acknowledged. The supply of gas was scheduled to begin in 1984 and increase progressively over time. In 1990, Snam was set to receive between 4.4 and 5.5 billion cubic metres of gas, rather than the eight billion cubic metres originally agreed upon in 1982. From 1992 to 2008, a minimum of 4.8 billion cubic metres and up to 6 billion cubic metres of gas were going to be supplied per year.<sup>42</sup> The two countries started collaborating in order to deal with technical and commercial issues, so as to achieve a balance of trade. The price settled upon was \$3.62 and was index-linked, making it much lower than the earlier price. The border price was 3.80 dollars, the same as the price Snam was paying for Algerian gas, without excluding the surcharge to be paid by the State. An agreement between Snam and Soyuzgazexport was reached on 11 May 1984,<sup>43</sup> which resulted in Capria and the president of Eni, Franco Reviglio, going to Moscow on 23 May in order to sign the definitive contract. The terms of the agreement seemed to be better than those that had been negotiated in 1982. However, as highlighted in a report drafted by the Italian Military Intelligence and Security Service on 14 February 1985, less than a year after the agreement had been signed, Italy was increasingly relying on Soviet energy supplies. At that time, Soviet oil and gas accounted for 17% and

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<sup>41</sup> Cf. *Acquisto di gas naturale dall'URSS*, Letter by President of Eni Franco Reviglio to Minister of Foreign Affairs Giulio Andreotti, Rome, 30 August 1983, Luigi Sturzo Institute Archives, Giulio Andreotti Archives, Industry and Oil, b. 953.

<sup>42</sup> Cf. *Nota sugli accordi per l'acquisto di nuovo gas sovietico*, (unsigned) Report on the purchase of Soviet gas, undated, but certainly drafted in Rome in March 1984, Eni Archives, f. U.R.S.S., Collaboration with Other Countries, b. 169, f. 21.

<sup>43</sup> Cf. *Negoziato SNAM-Soyuzgazexport*, Telegram from Italian Ambassador to Moscow Giovanni Migliuolo to the Minister of Foreign Affairs, Moscow, 11 May 1984, Luigi Sturzo Institute Archives, Giulio Andreotti Archives, Industry and Oil, b. 953.

50% of Italian energy imports, respectively – 16.8% and 25% of national energy needs. It was believed that such a situation could threaten the development of the national industry if a crisis hit the country – a non-negligible probability – and Soviet supplies were abruptly no longer provided.<sup>44</sup> As the technical staff had pointed out, the importance of the agreement lay in it allowing Italy to deal with its national energy needs, as the country was increasingly relying on methane supplies. Between 1984 and 2008, the Soviet Union could end up supplying 120 billion cubic metres of gas, to be added to the amounts provided by other suppliers. Consequently, Soviet gas started playing an even more crucial role in Italy's energy security.

### Concluding Remarks

As has been shown, it took a long time before agreements could be reached for the supply of Algerian and Soviet gas. AGIP's technical staff played an important role in negotiations, and Carlo Zanmatti in particular, as they succeeded in persuading Mattei to resume gas exploration in the Po Valley and develop a sectoral policy based on domestic gas resources. Since then, the exploitation of gas resources became crucial in Italy, an approach that was supported by the regular and precise analyses carried out by Eni's technical staff. The meetings held at Palazzo Chigi in the second half of the 1970s were particularly important, as they provided the opportunity to explore plausible and affordable energy alternatives.

Eni's management took an active role in these meetings, which resulted in the decision to start negotiations with Algeria, the Netherlands, and the Soviet Union, in an attempt to diversify energy supplies. However, Italian decision-makers could not agree on

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<sup>44</sup> Cf. *Dipendenza energetica dell'Italia dall'URSS*, Report on Italy's energy dependence on the Soviet Union, drafted by Fulvio Martini, a member of the Italian Military Intelligence and Security Service, Rome, 14 February 1985, Luigi Sturzo Institute Archives, Giulio Andreotti Archives, Industry and Oil, b. 953.

which priorities to pursue. On the one hand, the government aimed at reaching an agreement with Algeria and implementing the Transmed project, which had been conceived by Mattei a few months before his death. On the other hand, based on a series of internal analyses, Eni considered Soviet methane more affordable. Both alternatives were carefully examined, alongside the widely supported Dutch option. Eni management succeeded in demonstrating the importance of establishing a mutually beneficial relationship with the Soviet Union, which led Italy to rely increasingly on Soviet gas in the 1960s. Before this happened, the Minister of Foreign Affairs Fanfani had explored the possibility of reaching an agreement with Algeria, although the decision to build a trans-Mediterranean pipeline was taken only shortly before the first oil shock.

The oil shocks that occurred in the 1970s shook the international oil market. Besides conducting some sectoral interventions, Italy reacted by further focusing on methane in order to achieve energy security. In the aftermath of the Yom Kippur War, the oil plan of 1974 and the National Energy Plan of 1975 resulted in Eni having a key role in finding the most affordable energy resources on the international market in case of supply shortages. Politically approved by the Ministry of Foreign Affairs and resulting from the analyses conducted by the technical staff, the strategy adopted by Eni after 1973 aimed at continuing negotiations with both the Soviet Union and Algeria. However, negotiating became difficult in both cases. The significant changes occurred in the international energy market led such countries to request an improvement of the terms previously agreed. While the construction of the Transmed Pipeline was suspended, new agreements were signed with the Soviet Union on 29 April 1975 and 14 December 1977. Although Soviet gas prices rose, the agreement benefited Italy, as the Soviet Union bought Italian equipment and materials for its gas industry. For this reason, Eni technical staff mainly aimed at Soviet methane, slowing down negotiations with Algeria, because the terms of a potential agreement were deemed unfavourable.

The second oil shock did not lead to a change in the general sit-

uation, with Eni still aiming at maintaining and strengthening relations with the Soviet Union. However, in the context of national energy needs, Algerian gas was considered essential in order to meet both domestic needs and the objectives of the National Energy Plan. This explains why different government members attempted to prevent a break of relations with Algeria, in an attempt to reach a definitive agreement. Due to external threats directed at Italian firms operating in Algeria, the Italian government chose to intervene independently, bypassing Eni. This decision subsequently resulted in tensions with Eni's management. This occurred while negotiations were ongoing with the Soviet Union in order for Italy to participate in the construction of a major trans-Siberian pipeline, the project Mattei's successors were focusing on. The Italian government and Eni could not agree on a course of action, while the United States grew concerned as Europe increasingly saw the Soviet Union as a promising energy supplier. The issue reached international proportions, with the United States trying to first slow down and later oppose the construction of the trans-Siberian pipeline. Despite having politically agreed to participate in the project, Italy delayed the presentation of its financial plan. While the German, French, and other governments decided to distinguish between political and economic issues, Italy opted for suspending negotiations when the martial law was introduced in Poland.

Nevertheless, the economic aspects of the issue and the benefits connected with the trans-Siberian pipeline were never questioned. Floored by the Italian government's decision, Eni signed an agreement with the Soviet government on 27 January 1982, after obtaining the approval of the Italian government itself. After all, both Soviet and Algerian methane were deemed essential in order to meet the objectives of National Energy Plans, as the reports drafted by Eni technical staff continued to highlight. For this reason, the government moved quickly to sign an agreement on the political price of Algerian gas, despite the economic burden for the State and the objection of various politicians, including some members of the government. As for the trans-Siberian project, only the Craxi Cabinet

decided to break the impasse, in a different international climate. Nevertheless, shifts in the energy market prompted Eni to renegotiate the agreement established in January 1982 – which had already been postponed – in pursuit of more favourable conditions. As the advantages of the agreement became clear, negotiations resumed in 1984 and were successfully concluded on 23 May, with the Soviet Union agreeing to help reduce Italy's trade deficit. Ultimately, the suspension of negotiations proved to be beneficial, as the volume of supplies became less significant, based on the new national needs, while the agreed price was considerably lower. The agreement reached in 1984 played a key role in Italy's dependence on Soviet gas, as highlighted in a report drafted by the Italian Military Intelligence and Security Service less than a year after the definitive agreement had been signed. Despite being intertwined with the difficult political decisions to be made amidst the Cold War, the supply of Soviet methane was in line with national energy needs, as it was also shown by the subsequent National Energy Plans. Soviet and Algerian natural gas contributed significantly to achieving the goals of the new Plan introduced by the De Mita Cabinet in 1988. This Plan placed increased emphasis on gas imports following the Chernobyl disaster and the 1987 referendum, both of which resulted in Italy's decision to move away from nuclear energy. Overall, the role played by the technical staff in advising the Italian government to invest in methane was crucial, as it resulted in Italy increasingly relying on gas in order to meet its national needs.

The Italian case confirms the Högselius' view that the supply of energy in the world is inherently geopolitical. Indeed, Italy's energy choices in the 1980s were influenced by geopolitics and fit into the broader scenario that more recent literature – such as that of Högselius – has highlighted. The gas that flows in Italy comes mainly from long-term agreements that political and business leaders, in the midst of the Cold War, managed to successfully negotiate. Beginning with agreements signed in the 1980s with Algeria and the USSR, the role and influence of technical organizations in shaping Italy's energy policy and development became increasingly evident.

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