

From Pioneer to Latecomer: Relations between Austria and the Soviet Union (Russia) in the Oil and Gas Sector

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Cooperation between Austria and the Soviet Union and then Russia in the oil and gas sector has a long history. When Austria fell under Soviet occupation after World War II, the Soviets confiscated the Austrian oil fields and founded the Soviet Mineral Oil Administration (Sowjetische Mineralölverwaltung, SMV). Most of the Austrian oil produced was exported to communist Central and Eastern Europe. Through agreements within the framework of the State Treaty, Austria was able to bring the Soviet mineral oil complex under its administration. Austrian Mineral Oil Administration (Österreichische Mineralölverwaltung AG, ÖMV) was founded in 1956. In 1968, Austria became the first Western European country to import Soviet natural gas from the other side of the Iron Curtain. The steel producer VÖEST supplied pipelines to the Soviet Union for this purpose. The gas contract was extended several times and is now valid until 2040.

Keywords: Austria, Soviet Union, Oil, Gas, OMV, Soyuznefteksport

Today, the Austrian Mineral Oil Administration¹ (Österreichische Mineralölverwaltung AG, OMV²) is one of the most important Austrian industrial companies, with a turnover of around 62 billion euros (2022) and a total of 22,300 employees. It is active in the areas of crude oil, natural gas, and petrochemicals, both in production and processing.³ The “Russian business” of the partly state-owned OMV⁴ has repeatedly been the subject of controversial discussions in recent

1 Preparatory work for this article was conducted at the University of Graz in collaboration with the Ludwig Boltzmann Institute for Research on Consequences of War (BIK), Graz – Vienna – Raabs and the City of Graz. It was supported by the FWF in the context of the project “Soviet-Austrian Trade and Economic Relations, 1955–1964” (10.55776/15306). The authors would like to thank Anna Graf-Steiner and the reviewers of the Hungarian Historical Review for their beneficial comments on the manuscript.

2 From 1956 until 1974, the company traded under the name Österreichische Mineralölverwaltung AG (ÖMV AG). Between 1974 and 1995, its name was “ÖMV Aktiengesellschaft.” In 1995, it was changed to “OMV Aktiengesellschaft.” See: Compass-Verlag, *Der Finanz Compass Österreich*, 1995, 119.

3 OMV, “OMV im Überblick,” 2022.

4 The Austrian state owns a stake of 31.5 percent of OMV.

years. In fact, OMV's cooperation with Gazprom has been very close. OMV has invested heavily in Russia and holds shares in Russian oil fields. In addition, OMV was involved in financing the North Stream 2 pipeline. Moreover, as a contractual partner of Gazprom, OMV has been purchasing Russian gas for decades.⁵ The deliveries of Russian gas to OMV were suspended in November 2024.⁶

Due to the full-scale invasion of Ukraine by Russia in February 2022, many European countries have tried to reduce their dependence on Russian oil and gas. Between 2021 and 2023, the share of European Union's total Russian gas imports declined⁷ from 45 percent to less than 15 percent.⁸ OMV decided in March 2022 that Russia was no longer a core region and that it would no longer invest there.⁹ In 2023, however, Austria still purchased an average of 64.7 percent¹⁰ of its gas from Russia.

In 2018, the gas delivery contract between OMV and Gazprom had been prolonged until 2040, in the presence of Austrian Federal Chancellor Sebastian Kurz and Russian President Vladimir Putin. In this year, the fiftieth anniversary of the Austrian-Soviet natural gas contract of 1968 was celebrated.¹¹ Austrian Energy Minister Eleonore Gewessler called on OMV to withdraw from the current contract with Gazprom. In April 2023, Gewessler's idea was to nationalize OMV's gas division for a limited period of time by transferring it to the state holding company ÖBAG (Österreichische Beteiligungs AG; Austria Holding PLC) in order to decide more directly where gas is purchased. ÖBAG manages the holdings of the federal government and also those of OMV.¹²

In March 2024, Ukrainian Energy Minister Herman Halushchenko declared in an interview that Ukraine will no longer allow Russian gas to pass through its

5 Strobl, "Wie die OMV von einer Insolvenz der Nord Stream 2 AG betroffen sein könnte"; OMV, "OMV prüft Dekret zur OMV-Beteiligung in Russland."

6 Bayer, "Kein Russengas mehr für Österreich."

7 EU's gas imports (LNG and pipeline gas) from Russia declined from 150 billion cubic meters (bcm) in 2021 to less than 43 bcm in 2023. In the same period, imports from the USA increased from 18,9 bcm to 56,2 bcm. Imports from Norway grew from 79,5 bcm to 87,7 bcm. Imports from other countries went up from 41,6 bcm to 62 bcm.

8 Data for calculation taken from: European Council, "Where does the EU's gas come from?" March 21, 2024.

9 OMV, "OMV prüft Dekret zur OMV-Beteiligung in Russland."

10 Data taken from: Die Presse, "Ukraine liefert ab 2025 kein russisches Gas mehr," 17.

11 ORF, "Erdgasvertrag bei Putin-Besuch verlängert."

12 Auer, "Österreich, Moskaus treuer Kunde," 1; ORF, "Gewessler will OMV-Gassparte verstaatlichen." ORF, April 28, 2023.

territory from the beginning of 2025.¹³ So, there was speculation in the Austrian media how OMV can withdraw from the long-term supply contract with Gazprom and whether the Ukrainian transit stop would give OMV the opportunity to withdraw without penalty.¹⁴ The OMV itself, however, intended to continue to adhere to the existing contract with Gazprom. In May 2024, OMV CEO Alfred Stern declared at the Annual General Meeting that the company “complies with applicable law. This includes the legal framework, sanctions, embargoes, but also existing contracts. [...] OMV is obliged to comply with the valid supply contract with Gazprom.”¹⁵ However, this long-standing supply in the natural gas sector was discontinued in November 2024. When Gazprom had to pay OMV 230 million euros following an arbitration ruling due to irregular deliveries, OMV suspended the payments for the imported natural gas. As a result, Gazprom discontinued supplying natural gas to OMV.¹⁶ Russian gas continues to arrive in Austria in November 2024. This gas is “purchased by other market participants on the exchange and delivered to customers in Austria.”¹⁷

What developments led to this point? Cooperation between Austria and the Soviet Union and then Russia in the oil and gas sector has a long history. Its roots go back to the immediate postwar period and the time between 1945 and 1955, when Eastern Austria¹⁸ formed the Soviet occupation zone.

Three milestones can be identified as the basis for Austrian-Soviet relations in the field of oil and gas:

- During the postwar period, the Soviets confiscated the Austrian oil fields in the Vienna Basin and the refineries as “German property”¹⁹ and founded their own administration for this purpose. The Soviet Mineral Oil Administration (SMV) was the “predecessor” of OMV. The company was founded in 1956, after the withdrawal of the occupying forces, out of the

13 Auer, “Österreich droht neue Gaskrise,” 1.

14 Die Presse, “Ukraine liefert ab 2025 kein russisches Gas mehr,” 17; Pflügl, “Kommt die OMV aus den Verträgen mit Russland wirklich nicht heraus?”

15 Strobl, “OMV denkt nicht an freiwilligen Ausstieg aus russischem Gas.”

16 Bayer, “Kein Russengas mehr für Österreich.”

17 Strobl and Bruckner, “Schwieriger Umstieg: Kommt Österreich weg vom Gastropf?”

18 Burgenland, Lower Austria, Mühlviertel, and parts of Vienna.

19 At the Potsdam Conference in July-August 1945, the Allies decided that Austria, as a “liberated country”, did not have to pay any war reparations. However, they granted each other access to “German property”. In their Austrian occupation zone, the Soviet authorities claimed “all companies that had passed into German hands by the end of the war or had been newly established or expanded with Reich-German capital” as “German property.” See: Brunner, “Das deutsche Eigentum und das Ringen um den österreichischen Staatsvertrag 1945–1955,” 27–75.

former SMV. At that time, the firm was still called ÖMV, and in the 1990s it was renamed OMV due to increasing internationalization.²⁰

- To get the Soviet mineral oil complex under Austrian administration, Austria had to deliver ten million tons of crude oil within ten years to four Central and Eastern European states starting in 1955. This deal was part of the Austrian State Treaty (Annex 2)²¹ and the agreement on oil supplies.²² Ultimately, reductions and Soviet counter-deliveries to Austria reduced the oil deliveries from ten million tons to six, which Austria had to deliver by 1963–64.²³
- In 1968, Austria was the first Western European country to import natural gas from the Soviet Union. In a certain way, the natural gas sector developed into a model for other Western European states. As part of this deal, the Austrian steel producing company VÖEST delivered gas pipes to the Soviet Union. The corresponding contract between OMV and Soyuznefteksport has been extended several times in the meantime and is currently valid until²⁴ 2040.²⁵

The Soviet Union and Austrian Petroleum after World War II: The SMV Period

When the Germans invaded the Soviet Union during World War II, Stalin tried to prevent that the Soviet oil industry would fall into the hands of the Germans. The Soviet leadership therefore had oil plants moved from the Caucasus to the east (Volga-Ural). In the production areas of Grozny and Baku, which were not

20 Iber, *Die Sowjetische Mineralölverwaltung in Österreich*.

21 State Treaty, Federal Law Gazette for the Republic of Austria No. 152/1955.

22 ÖStA, AdR, GfA (Company for Replacement Deliveries), Abkommen über Erdöllieferungen an die Union der Sozialistischen Sowjetrepubliken als Ablöse der Erdölunternehmungen, die von der Sowjetunion an Österreich übergeben werden, 12 June 1955.

23 Resch, “Der österreichische Osthandel,” 515–20; on the Austrian replacement deliveries, see the chapter “Ablöselieferungen und Restitution“ in Iber, *Die Sowjetische Mineralölverwaltung in Österreich*, 213–24; “Von Kompensation zu Kooperation” in Graf-Steiner, *Brückenbauer im Kalten Krieg*, 45–50; Huber, “Österreichisch-sowjetische Wirtschafts- und Handelsbeziehungen 1955–1963/64.”

24 In November 2024, the fifty-six-year continuous deliveries of natural gas from Gazprom to OMV were suspended. However, Russian gas continues to arrive in Austria in November 2024. See: Bayer, “Kein Russengas mehr für Österreich”; Strobl and Bruckner, “Schwieriger Umstieg: Kommt Österreich weg vom Gastropf?”

25 Högselius, *Red Gas*, 58–65; ORF, “Erdgasvertrag bei Putin-Besuch verlängert.” June 5, 2018.

conquered by the Wehrmacht, boreholes were covered with concrete. Soviet oil production fell by a third between 1940 and 1946.²⁶

The oil fields in the Austrian parts of the German Reich (*Ostmark*) played a significant role in the German economy during World War II. Up to two-thirds of the oil production of the Third Reich came from the *Ostmark*. Oil extraction was expanded enormously under Nazi rule.²⁷ In Austria and in Hungary, considerable German capital was invested in oil production. These investments, which were “driven by Hitler’s desire for autarky,” made the facilities in question more modern than those in the Caucasus and Romania.²⁸ By the end of the war in 1945, Austria was the third largest oil producer in Europe, after the Soviet Union and Romania.²⁹

Through their intelligence services, the Soviets knew about the Austrian oil potential since 1943 at the latest. After eastern Austria was invaded by the Red Army in the spring of 1945, they quickly seized oil fields and refineries. At first, Moscow dismantled plants and transported them to the east, but there were many logistical problems caused by the complications of proper dismantling and transport.³⁰ According to Soviet figures, 31,200 wagons were needed to dismantle and transport the materials from Austria.³¹

20 percent of all confiscated industrial companies and stocks in Austria in 1945–46 were in the oil industry.³² The CIA estimated that up to 83 percent of the available materials (mainly drilling equipment) in the Austrian oil fields had been brought to the western parts of the country and only the rest were taken to the Soviet Union. That is why the agency made the incorrect assumption that the Soviet Union was unaware of the “true value of Lower Austria [sic] oil.”³³

After the Potsdam Agreement of August 1945, the Soviets changed their economic strategy in Austria from that of dismantling and removal into an occupation economy by managing resources on site. For this purpose, the Soviets made general use of the so-called “German property.” The victorious powers had awarded this property to one another in Potsdam in their respective

26 Perović, *Robstoffmacht Russland*, 73–78.

27 Iber, *Die Sowjetische Mineralölverwaltung in Österreich*, 38–47.

28 Rehschuh, *Aufstieg zur Energiemacht*, 174–75.

29 Iber, *Die Sowjetische Mineralölverwaltung in Österreich*, 38–47.

30 *Ibid.*, 47–48.

31 Musial, “Sowjetische Demontagen und Beschlagnahmungen,” 59.

32 Iber, *Die Sowjetische Mineralölverwaltung in Österreich*, 50.

33 NARA CIA Records Search Tool, CIA-RDP81-01043R003700130004-9. *Soviet Occupation Economy in Austria. Final Report*, December, 1957, 45–50a.

occupation zones. With regard to Austria, this was an elegant solution for the Soviets, since under international law, no reparations could be demanded in this case because Austria had not been a sovereign state during the war and thus had not formally been a participant in the war. But the agreement reached in Potsdam nonetheless gave Moscow access to the German foreign property in Austria, since officially, these were German³⁴ reparations.³⁵

Discussions were underway to have the Soviet exploitation of its Austrian occupation zone organized in the field of petroleum management with the establishment of a joint venture called Sanafta.³⁶ This company was envisioned as a cooperative venture between the occupier (the Soviet Union) and the occupied (Austria). The Soviets would have contributed all German petroleum assets to Sanafta, while the Austrians would have been responsible for the necessary capitalization. The project was negotiated in the summer of 1945. It failed because of the veto of the Western powers, which in turn represented the interests of their own oil companies in Austria.³⁷

After the Sanafta plans failed, Soviet Union decided to establish its own extraterritorial administrations as a kind of repository for the confiscated German property. Therefore, SMV (Soviet Mineral Oil Administration) was founded in September 1945, a separate administration for the petroleum industry.³⁸ The company was a “state within the state”³⁹ because it formed a planned economic enclave that was exempt from the Austrian administration. Within this company people from the Soviet Union held all the top positions.⁴⁰ The gas stations of OROP held a monopoly position in the mineral oil distribution sector in the Soviet occupation zone. They were also part of the assets which were confiscated by the USSR.

As the Soviets exported most of the Austrian oil, a CIA-report of 1948 quoted that “only about 40 percent of the minimum monthly requirements of the Austrian economy is furnished to the Austrian Government for distribution.”⁴¹

34 This was a problem in itself, because due to the economic penetration of Austria after the “Anschluss” in 1938, it was no longer possible to separate Austrian from German assets.

35 Iber and Ruggenthaler, “Sowjetische Wirtschaftspolitik im besetzten Österreich,” 187–94.

36 Sanafta can in principle be compared with the “Maszola” joint venture in Hungary and with “Sovrompetrol” in Romania.

37 Iber, *Die Sowjetische Mineralölverwaltung in Österreich*, 55–59.

38 *Ibid.*, 88.

39 Grünwald, “Die Geschichte der Erdölindustrie in Österreich,” 204.

40 *Ibid.*; Iber and Ruggenthaler, “Sowjetische Wirtschaftspolitik im besetzten Österreich,” 195.

41 NARA CIA Records Search Tool, CIA-RDP78-01617A001500080001-6, Austria, May 1948, II-5.

SMV's crude oil was included in Soviet economic planning starting in 1951, due to the sharp increase in production. This enabled a refinery in western Ukraine to be supplied with Austrian crude oil. The Soviet Union increased or decreased its oil imports from Austria, depending on the capacity utilization of the Soviet refineries. Once the Soviet minimum demand was covered, the markets in Eastern Europe were also considered.⁴² It was not until 1952 that the Austrian market could be adequately supplied with crude oil, as by then there was sufficient availability.⁴³ As the Austrian oil was of high quality, there was also a demand in the other communist Central and Eastern European countries, especially in Czechoslovakia, East Germany, and later Poland and Hungary. These countries processed the Austrian oil in their refineries. Crude oil and surplus amounts of refined oil were exported to these states.⁴⁴ In the almost ten years of its existence, the Soviet oil complex in Austria produced around 17.8 million tons of crude oil. It had a profit of around 288 million US dollars in 1955 prices.⁴⁵

Negotiating with the Soviets: Oil in the Austrian State Treaty

The negotiations of the Austrian State Treaty⁴⁶ should provide the withdraw of the occupying powers in Austria. An important factor in these negotiations was the question of what should happen to the assets of the “German property” after the end of the occupation. In 1949, the proposal was made that the Union of the Soviet Socialist Republics, USSR should get concessions to four oil fields for 30 years for the assets of SMV and OROP. This would have corresponded to an annual production volume of 900,000 tons of oil. However, in 1949, negotiations on the State Treaty came to a halt. Due to the break between Stalin and Tito, the withdrawal of Soviet troops from Austria, which was also the will of the Western powers, would have seemed to Stalin like support for Tito. In September 1949, shortly before the avoidable conclusion of the State Treaty, Stalin was told about the potential of the recently discovered oil field in Matzen-Auersthal. It was the

42 Rehschuh, *Aufstieg zur Energiemacht*, 188–291.

43 *Ibid.*, 291.

44 Iber, *Die Sonjetische Mineralölverwaltung in Österreich*, 130–33; Iber, “Occupation and Exploitation,” 132; NARA CIA Records Search Tool, CIA-RDP81-01043R003700130004-9. *Soviet Occupation Economy in Austria. Final Report*, December, 1957, 91–92.

45 Iber, *Die Sonjetische Mineralölverwaltung in Österreich*, 88–144; Iber, “Occupation and Exploitation,” 132–33; Feichtinger and Spörker, *ÖMV–OMV*, 50–64.

46 On the way to the Austrian State Treaty, see: Stourzh and Mueller, *A Cold War over Austria*.

largest known contiguous oil field in Central Europe. Between 1945 and 1949, only three million tons had been produced. After the discovery of the oil field of Matzen-Auersthal, between 1949 and 1955, the Soviets produced 15 million tons of oil in Austria worth around 260 million US dollars. The Soviet leadership jeopardized the conclusion of the Austrian State Treaty and overused the Trieste question⁴⁷ as a pretext. In the further negotiations of 1950, the Soviets increased their demands. They demanded concessions on 26 oil exploration areas.⁴⁸

By 1955, the years of the socialist planned economy in Austria had left their mark, and SMV was in poor economic condition.⁴⁹ Due to political and economic reasons, the Soviet leadership invited an Austrian delegation to Moscow in April 1955. The basis for the economic negotiations was still the State Treaty draft of 1949. This draft stipulated that Austria would have to hand over 60 percent of the oil fields to the Soviet Union for 30 years. During the negotiations of the Moscow Memorandum, Austrian Chancellor Julius Raab would have been in favor of this solution. He had information according to which these companies were run down.⁵⁰ The socialist delegation, with Vice Chancellor Adolf Schärf and Foreign State Secretary Bruno Kreisky, wanted the Soviet companies back completely.⁵¹ If the Soviets had kept the oil concessions in Austria, Kreisky argued, this would have meant a kind of “semi-colonial status” of Austria vis-à-vis the USSR.⁵² The fear of their coalition partner Österreichische Volkspartei,

47 After the end of the Second World War, Yugoslavia and Italy came into conflict over the question of who belonged to Trieste and its hinterland. Since, despite the proclamation of a “Free Territory of Trieste” under a UN protectorate in 1947, there was still a provisional administration by the British and Americans in Zone A. The Soviet leadership argued that the unresolved Trieste issue represented a violation of the Italian peace treaty, and it could therefore not be ruled out that the Western powers would also commit a “breach of treaty” during the Austrian negotiations. “Trieste was now a trump card that could be played [by the Soviet government] at any time.” See: Bischof and Ruggenthaler, *Österreich und der Kalte Krieg*, 80; on Austria and the Trieste question see in detail: Graf, “Austria and Trieste 1945–1955,” 135–56; Mueller, “The Soviet Factor in the Alps-Adriatic Region, 1945–1947.”

48 Pavlenko and Ruggenthaler, “Die Sowjetunion und der Weg zur österreichischen Neutralität 1955,” 207–10; Iber and Ruggenthaler, “Sowjetische Wirtschaftspolitik im besetzten Österreich,” 197–99; Ruggenthaler, “So nah und doch so fern,” 294–95.

49 Iber, *Die Sowjetische Mineralöberverwaltung*, 196; Iber and Ruggenthaler, “Sowjetische Wirtschaftspolitik im besetzten Österreich,” 201.

50 Grubmayr, “Julius Raab und Nikita Chrusčev,” 834; Stourzh and Mueller, *A Cold War over Austria*, 350–58.

51 Stourzh and Mueller, *A Cold War over Austria*, 357.

52 During a radio address for the German station Süddeutscher Rundfunk (SDR), State Secretary Bruno Kreisky made this quote in the course of the 1956 election campaign. Transcript of Kreisky’s address: “The provision was included in the draft of the State Treaty that the Soviet Union was to receive concessions on 60% of the oil fields, which corresponded to around 85% of Austria’s oil production, for 30 years after the

ÖVP, on the contrary, was that the return of these companies would have considerably strengthened the socialist power base.⁵³

Under the leadership of Deputy Prime Minister Anastas Mikojan, the Austrians offered the Soviet delegation 50 percent of the previous year's production as compensation for the Soviet oil complex in Austria. The Soviet negotiators thus knew that the Austrians were unaware of the true value of the oil industry.⁵⁴ Soviet Foreign Trade Minister Ivan Kabanov had made preliminary⁵⁵ calculations about the value of the oil complex as a basis for the negotiations. They were significantly lower than the sum of ten million tons of crude oil over ten years that was finally achieved in the Moscow Memorandum.⁵⁶ This crude oil was to be delivered “carriage paid to the Austrian border, free of taxes and customs duties.”⁵⁷ Within the Austrian State Treaty⁵⁸ of May 15, 1955, the agreements of the “Moscow Memorandum” were written down. The main

conclusion of the State Treaty. But that was not enough. The Soviet Union was also to be reserved 60% of all shearing rights eight years after the state treaty. If oil was found within this period, the Soviet Union would have had the right to exploit these oil wells for 25 years. If these provisions of the State Treaty had come into force, Austria would have been placed in a semi-colonial status for more than three decades.” (Transcribed and translated by the authors.) Österreichische Mediathek, 99-56023, k02, “Radiovortrag von Staatssekretär Bruno Kreisky über Erdöl”, 1956, Accessed April 10, 2024. <https://www.mediathek.at/katalogsuche/suche/detail/?pool=BWEB&uid=01782B37-1A6-00D50-00000BEC-01772EE2&cHash=a8451e45bb00b45168b8a8b805028982>.

53 Zollinger, “Karl Waldbrunner – Schnittstellen eines Lebens zwischen Industrie und Politik,” 106; Fritz and Iber, “Adolf Schärff, Bruno Kreisky und der Staatsvertrag,” 372–73.

54 Iber, *Die Sowjetische Mineralölverwaltung in Österreich*, 199–200.

55 Ivan G. Kabanov calculated 4.1 million tons of oil over six years. See: Iber, *Die Sowjetische Mineralölverwaltung in Österreich*, 197–200; Iber, “Erdöl statt Reparationen,” 602.

56 Ibid.

57 Ministry of Foreign Affairs of the USSR, “Memorandum über die Ergebnisse der Besprechung zwischen der Regierungsdelegation der Sowjetunion und der Regierungsdelegation der Republik Österreich, 15 April 1955,” 84.

58 In Annex 2 of the State Treaty the agreements of the Moscow Memorandum were set down. Article 22 touches on the provisions of the earlier negotiations with the Soviets on “German property,” which had not fully entered into force. Annex 2 of the State Treaty stipulates the following: “1. On the basis of the pertinent economic provisions of the April 15, 1955 arrangements between the Soviet Union and Austria, the Soviet Union will transfer to Austria within two months from the date of entry into force of the present Treaty, all property, rights and interests to be retained or received by it in accordance with Article 22, except the Danube Shipping Company (D.D.S.G.) assets in Hungary, Roumania and Bulgaria. 2. It is agreed that in respect of any property, right or interest transferred to Austria in accordance with this Annex, Austria's rights shall be limited only in the manner set out in paragraph 13 of Article 22.” State Treaty for the re-establishment of an independent and democratic Austria, Treaty Series No. 58 (1957), London.

aim of the Austrian delegation was to end the ten years of occupation by the Allied powers.⁵⁹

In summer of 1955, Austrian-Soviet negotiations were held in Moscow on the delivery conditions. The agreement on oil deliveries was finally concluded on July 12. This agreement gave the Soviet trade representation in Vienna the right to carry out quality tests on the crude oil supplied.⁶⁰ Austria committed itself to the supply of ten million tons of crude oil to replace the Soviet oil complex. In addition, oil was also to be supplied as part of the so-called “Commodity Agreement” to replace the Soviet-administered USIA companies. In total Austria should supply around 1.2 million tons of crude oil.⁶¹ Oil deliveries would begin two months after the signing of the State Treaty.⁶² However, as the SMV had not yet been handed over to Austria in July 1955, the first deliveries did not begin until August 28, 1955.⁶³

During the occupation period, the US administration was interested in knowing about Soviet administrated petroleum in Austria. In January 1955, US Secretary of State John Foster Dulles asked Llewellyn E. Thomson, the US Ambassador in Austria, about the quality⁶⁴ of Austrian gasoline. He also asked whether, due to a “shortage [...] in Soviet bloc, [the] embassy [was] satisfied that lead and leaded gasoline [were] likely to remain in Austria.”⁶⁵ The US Ambassador, who saw a lack of information, answered that he was “unable [to] give positive assurance since direct control and accurate confirmed information [was] impossible.”⁶⁶ The Americans were interested in this kind of information in order to negotiate with the Austrians. Not only did Austria have to compensate the Soviet Union, but it also had to negotiate the mining rights of

59 Iber, “Erdöl statt Reparationen,” 602.

60 ÖStA AdR, GfA (Company for Replacement Deliveries), Abkommen über Erdöllieferungen an die Union der Sozialistischen Sowjetrepubliken als Ablöse der Erdölunternehmungen, die von der Sowjetunion an Österreich übergeben werden, July 12, 1955.

61 Iber, *Die Sowjetische Mineralölverwaltung in Österreich*, 213–17.

62 ÖStA AdR, GfA (Company for Replacement Deliveries), Abkommen über Erdöllieferungen an die Union der Sozialistischen Sowjetrepubliken als Ablöse der Erdölunternehmungen, die von der Sowjetunion an Österreich übergeben werden, July 12, 1955.

63 Iber, *Die Sowjetische Mineralölverwaltung in Österreich*, 214.

64 John Foster Dulles to US Embassy in Austria: “Is Austrian gasoline in fact not useable without additional tetraethyl lead?” Answer from US Embassy in Vienna (Llewellyn E. Thomson): “Austrian gas rating 62 octan raised to 75 by tetraethyl lead. 70 usable minimum.”

65 NARA RG (Registry Group) 59, EN (Entry Number) A1 205-N, B 2013. John Foster Dulles to Embassy Vienna, January 19, 1955.

66 NARA RG 59, EN A1 205-N, B 2013. Llewellyn E. Thomson to Secretary of State, January 28, 1955.

Anglo-American oil companies.⁶⁷ These companies had had these mining rights from the time before World War II. Therefore, five days before the State Treaty, on May 10, 1955, the “Vienna Memorandum”⁶⁸ was concluded. However, a final agreement was not reached until 1960. The aim of Socony Mobil, which was one of the companies that negotiated with the Austrians, was restitution of the Lobau refinery, their exploration rights, and other ownership rights.⁶⁹ In 1958, the Americans used economic leverage, namely the withholding of ERP loans, and reminded the Austrian federal government of its financial obligations under the Vienna Memorandum. This led to negotiations at government and company levels.⁷⁰ In the end, Austria paid compensation of 16 million US dollars for the nationalization of assets, founded a joint⁷¹ crude oil processing company, and privatized some companies.⁷² During the negotiations of the final agreement, Austrian Foreign Minister Bruno Kreisky was aware that permanent Austrian cooperation with US and UK oil companies “might cause difficulties with the Soviet Union.”⁷³ In the bloc mentality of the Cold War, the comment by Radio Moscow was that the USA was expanding its influence on Austria’s oil industry.⁷⁴

Although the SMV years were very hard for Austria, which had no access to its own oil and suffered great economic damage, relations between Austria and the Soviet Union developed. Soviet management and Austrian employees got to know each other and created networks. Thousands of Austrians, including many leading engineers, worked for SMV in the oil fields.⁷⁵ In 1954, the company

67 Shell, Socony Vacuum, Standard Oil, Van Sickle, Steinberg-Naphta, Austrogasco.

68 “Memorandum über die Ergebnisse der Besprechung zwischen Mitgliedern der österreichischen Bundesregierung und den Botschaftern Ihrer Königlichen Britannischen Majestät und der Vereinigten Staaten von Amerika (‘Wiener Memorandum’), May 10, 1955,” In *Der Kampf um den Staatsvertrag 1945 – 1955*, 658–62.

69 NARA RG 59, EN A1 1611, B 2678. H. J. Schmidt to Christian A. Herter, September 9, 1960, 4.

70 Rathkolb, *Washington ruft Wien*, 167–71.

71 ÖMV held a 74% stake in Österreichische Rohöl-Verwertungs-GmbH (ÖRG) of the share capital of one million schillings. Shell Austria AG and Mobil Oil Austria AG held 13%. See: ÖStA, AdR, RH (Court of Auditors), Unternehmungen, GZ AE 3250-15/1969, U 148, Gr.Zl. 1100-15/69, Kt. 847. Österreichische Mineralölverwaltung Aktiengesellschaft, Wien. Prüfungsergebnis, November 4, 1969, 5.

72 Seidel, *Österreichs Wirtschaft und Wirtschaftspolitik nach dem Zweiten Weltkrieg*, 456–57.

73 NARA RG 59, EN A1 205-N, B 2012. Memorandum of Conversation. Subject: Vienna Memorandum, September 23, 1959.

74 NARA RG 59, EN A1 1611, B 2676. Airgram. Radio Moscow Charges “United States Oil Monopoly” Danger, August 8, 1960.

75 See the oral history interviews in: Feichtinger and Spörker, *ÖMV–OMV*, 287–328.

managed by SMV had 9,700 employees.⁷⁶ Under Austrian management, this number declined from 9,996 in 1956 to 7,556 ten years later.⁷⁷

One of those who had a particularly tragic connection between the Soviet industrial complex in Austria and the later founded ÖMV was Margarethe Ottillinger. After World War II, she led the Planning section within the Austrian Ministry of Property Security and Economic Planning. In this position she gathered information on the Soviet industrial complex. In 1948, she was arrested and accused of spying for the US. Between 1948 and 1955, she was held in various Soviet prisons, where she learned Russian. In 1956, she was employed as a consultant by the ÖMV, and one year later, she was appointed to the board of the ÖMV as the only woman. She was one of those who negotiated the natural gas contract with the Soviet Union in 1968.⁷⁸

The Early Years of ÖMV and the Replacement Deliveries

At the first meeting of the Austrian Council of Ministers, which was held two days after the conclusion of the State Treaty, the Council received protest resolutions from the SMV against the delay in implementing the State Treaty. These called for early nationalization by the Austrian state.⁷⁹ In July 1955, the name “Österreichische Mineralöl Aktiengesellschaft” appeared in a draft law on nationalization from the Ministry of Transport and Nationalized Companies.⁸⁰

On August 13, 1955, SMV and OROP and other Soviet administrated companies were transferred, along with their inventories, from Soviet to Austrian hands. The operations remained in the custody of the Austrian state, which now set about creating an Austrian company out of SMV's inherited assets. However, it was not until 1956 that “Österreichische Mineralölverwaltung AG (ÖMV AG)” was finally entered in the commercial register.⁸¹

76 Iber, *Die Sowjetische Mineralölverwaltung in Österreich*, 145.

77 Feichtinger and Spörker, *ÖMV – ÖMV*, 124.

78 Karner, *Im Kalten Krieg der Spionage*, ÖMV, *Bericht über das Geschäftsjahr 1957*, 16.

79 ÖStA AdR BKA MRP (Ministerratsprotokolle), 2. Republik, Raab I, Kt. 135. Beschlußprotokoll Nr. 92 über die Sitzung des Ministerrates am 17. Mai 1955. 1f) 10 Protestresolutionen von Betrieben der SMV gegen die Verzögerung des Staatsvertrages und Verstaatlichung, May 17, 1955.

80 ÖStA AdR BKA MRP (Ministerratsprotokolle), 2. Republik, Raab I, Kt. 138. Verhandlungsschrift Nr. 101 über die Sitzung des Ministerrates am 19. Juli 1955. Bundesministerium für Verkehr und verstaatlichte Betriebe. Vortrag an den Ministerrat über einen Gesetzesentwurf betreffend das in das Eigentum der Republik Österreich übertragene, bisher unter der Bezeichnung “Sowjetische Mineralölverwaltung” betriebene Unternehmen, July 18, 1955.

81 Iber, *Die Sowjetische Mineralölverwaltung*, 201–3.

After it was founded, an internal investigation by ÖMV came to the conclusion that the facilities, which ÖMV had taken over from SMV were “makeshift facilities built with makeshift equipment, the construction of which neither took into account the state of the art nor economic considerations.”⁸² The division into five locations⁸³ “often did not and cannot satisfy the consumers’ corrected quality demands.”⁸⁴ Due to Austria’s domestic demand and the replacement deliveries to the Soviet Union, it is not possible to cover demand in the long term. The ÖMV saw three possibilities to meet this demand: by increasing Austrian oil production, by the substitution of the replacement deliveries to the USSR in the form of money or other deliveries, or by importing crude oil from the “Eastern states” or the Middle East. The study was in favor of constructing a new refinery,⁸⁵ which was built between 1958 and 1961 in Schwechat, next to the old refinery.⁸⁶

The willingness of the Austrian government to transform the replacement deliveries was reported by the Soviet Embassy in Austria to Moscow in 1956.⁸⁷ ÖMV had to pay for the replacement deliveries under the oil agreement itself⁸⁸ until 1957, which was the beginning of the third year of delivery. As part of the goods agreement, Austria was originally also supposed to deliver 1.2 million tons of crude oil to the Soviet Union as a replacement for USIA operations. In contrast to the oil agreement, ÖMV was paid 478.5 Austrian schillings per ton for deliveries from the Republic in the goods agreement.⁸⁹ As heating oil became scarce during the Suez crisis, Austria was allowed to supply steel plate instead of 100,000 tons of crude oil from January to March 1957. The following delivery year, 200,000 tons of crude oil were replaced by deliveries of goods.⁹⁰

82 ÖStA AdR WA, ÖIAG, Unternehmensdokumente, OMV AG, Kt. 134. Untersuchung über die Errichtung neuer Mineralölverarbeitungsanlagen, 1957, 3–24.

83 Refineries in Schwechat, Moosbierbaum, Lobau, Korneuburg, Vösendorf.

84 Ibid.

85 Ibid.

86 Feichtinger and Spörker, *ÖMV–OMV*, 117–58.

87 AVP RF F. 66, op. 39, p. 216, d. 8. Politicheskie voprosy. Austrian politics one year after the signing of the State Treaty, 3.4-17.12.1956.

88 In September 1955, at the second meeting of the Commission for the Supply of Goods, Josef Stangelberger, Head of Section in the Austrian Finance Ministry, referred to a regulation that ÖMV should pay for its former Soviet assets with oil. See: ÖStA AdR GfA (Company for Replacement Deliveries), Österreichische Kommission für Warenlieferungen zur Ablöse des Vermögens, das an Österreich übergeben wird. Protokoll der 2. Sitzung am 6. September 1955.

89 Iber, *Die Sowjetische Mineralölverwaltung in Österreich*, 215.

90 SBKA VII.2 BKAA, B 13. Mitteilungen des Ministerrates vom 4. Dezember, betreffend die Herabminderung der Öllieferungen an die UdSSR, December 5, 1956; WIFO-Monatsbericht, 35/5 (1962), 216.

The Federation of Austrian Industries had already called for this in May 1955, fearing that Austrian domestic oil supplies were too low.⁹¹

Molotov's dismissal as Soviet foreign minister in June 1957 gave Austria greater room for negotiation, with regard to a reduction in oil supplies. Two months later, the Soviet leadership indicated that it would be prepared to forego half of the replacement deliveries. Washington assumed, that this should show "Western Europe" that it was possible to negotiate with the Soviet Union on a responsible basis.⁹² This Soviet offer again fitted in with Khrushchev's concept, who spoke of "peaceful coexistence" with the capitalist countries at the XX Party Congress of the Communist Party of the Soviet Union, CPSU in 1956. Khrushchev based the doctrine of "peaceful coexistence" on Lenin, whom he interpreted generously. This doctrine included mutual respect and economic cooperation.⁹³

Soviet oil policy changed in the era Khrushchev as well. The Soviet Union no longer saw its "cordon sanitaire" in Central and Eastern Europe primarily as a supplier but rather began to supply these countries itself with cheap energy. By the late 1950s, the USSR had begun to reenter the international market as a major oil supplier.⁹⁴ The Austrian crude oil from the replacement deliveries went to the German Democratic Republic, Czechoslovakia, Poland, and Hungary, as the Soviet Union had concluded supply contracts with these countries. This oil was easy to process due to its low sulfur content, which spared the refineries in these nations the need for technical innovations.⁹⁵

On July 9, 1958, ÖMV urged Federal Chancellor Raab by letter to convince the Soviets of a reduction of oil supplies within the redemption deliveries. ÖMV was of the opinion that the Austrian oil reserves in 1955, when these supplies were finally negotiated, were overestimated by half.⁹⁶ Twelve days later, an Austrian delegation, including Raab, Vice Chancellor Pittermann and State

91 ÖStA AdR BMfHuW, Sek. IV 1955, GZ 218.080-IV/28/55, 409, Gr.Zl. 203.259/55, Kt. 3294. Memorandum betreffend die bei den bevorstehenden Moskauer Verhandlungen über die Lieferungen von Waren im Werte von 150 Mio. \$ sich ergebenden Fragen, May 14, 1955.

92 NARA RG 59, EN A1 205-N, B 2664. Summary of Vienna Telegram 553, August 28 Concerning Possible Visit of Austrian Chancellor Raab to Moscow to Negotiate Reductions in Austrian Compensation Shipments to the USSR, August 29, 1957.

93 Mueller, "Peaceful Coexistence, Neutrality and Bilateral Relations across the Iron Curtain," 11–12; Subok and Pleschakow, *Der Kreml im Kalten Krieg*, 262–63.

94 Perović, *Robstoffmacht Russland*, 78.

95 Iber, *Die Sowjetische Mineralölverwaltung in Österreich*, 215.

96 KrvI 1209, ÖMV to Julius Raab. Rohölablöselieferungen an die Sowjetunion, July 9, 1958.

Secretary Kreisky, set off on an eight-day state visit to Moscow. The aim of the Soviet leadership was to prevent a pro-American Austrian foreign policy. Instead, they wanted to make concessions to Austria in the economic sphere. During his welcoming speech at the airfield in Moscow, Chancellor Raab protested against the US flights⁹⁷ over Austria during the Lebanon crisis. The Austrian leadership thus risked a deterioration in relations with the USA. During this visit, Khrushchev declared his willingness to offer compensation for a share of the crude oil deliveries with Soviet counter-deliveries to Austria.⁹⁸ During the ensuing negotiations in August 1958, the Soviet representatives were asked by ÖMV to supply crude oil with a low sulfur content until the new refinery in Schwechat was completed. The construction of a new desulfurization plant would not pay off for the ÖMV.⁹⁹ In the end, the Soviet Union supplied half a million tons of crude oil to Austria in 1959–60 and 1960–61 and a quarter of a million tons in 1961–62, and Austria continued to supply its crude oil to the four “people’s democracies” in Central and Eastern Europe.¹⁰⁰

During his nine-day state visit to Austria in 1960, Khrushchev negotiated with Raab on July 5 from 11 p.m. to 1 a.m. at the Parkhotel in Villach. The result was that Khrushchev canceled the tenth and therefore last delivery year 1964–65. Ultimately, the reductions and counter-deliveries lowered Austrian oil supplies from 10 to 6 million tons.¹⁰¹ After the replacement deliveries, which ended in 1963, ÖMV could reduce its crude oil production for 1964 by four percent. ÖMV’s annual audit for the 1964 financial year concluded that Austria’s crude oil supply would be secure in the long term.¹⁰²

In 1958 and 1959, under the direction of Enrico Mattei, the Italian energy company ENI (Ente Nazionale Idrocarburi) concluded its first oil import deals

97 See: Blasi, “Die Libanonkrise 1958 und die US-Überflüge.”

98 Bischof and Ruggenthaler, *Österreich und der Kalte Krieg*, 148; Ruggenthaler and Knoll, “Nikita Chruščev und Österreich”; Wessely, “Österreich und die Erdölwirtschaft der Ostblockländer,” 694–96.

99 ÖStA AdR BMfHuW, Sek. V 1958, GZ 216.623-V/31/58, 409, Gr.Zl. 205.025, Kt. 4570. Erdöllieferungen aus der UdSSR. Spezifikation, August 19, 1958.

100 WIFO-Monatsbericht, 35/5 (1962), 214–16.

101 Ibid., 214; Stourzh and Mueller, *A Cold War over Austria*, 362; Iber, *Die Sowjetische Mineralölverwaltung in Österreich*, 197; Stern, “Eine Höflichkeitsvisite mehr protokollarischer Natur,” 746.

102 ÖStA AdR WA, ÖIAG, Unternehmensdokumente, OMV AG, Kt. 158. Beeideter Wirtschaftsprüfer Rudolf Edelberger. Österreichische Mineralölverwaltung Aktiengesellschaft. Bericht Nr. 285/65 über die Prüfung des Jahresabschlusses zum 31. Dezember 1964 (Hauptbericht – Band I), 12–14.

with the Soviet Union.¹⁰³ This triggered protests from NATO and the USA.¹⁰⁴ One year later, Mattei had plans to build an oil pipeline across Austria to Trieste. As a connection to the Czechoslovakian pipeline in Bratislava was already under consideration, this meant for Harrison Freeman Matthews, US Ambassador to Austria, quoting an anonymous source, “to bring Russian oil into Western Europe. This plan, if carried out, ‘could destroy Western oil companies in Europe,’ with consequent security implications for Western Europe.”¹⁰⁵ So, the Americans feared that the construction of an oil pipeline across Austria could spread Soviet influence in the energy sector to Western Europe. Furthermore, they feared that this could mean the displacement of Western oil companies from Western markets. However, the world market price for oil was quite low at that time, so it was not possible to speak of a major dependency between the Soviet Union and Western Europe.¹⁰⁶

In November 1962, as the Cold War had come to a head with the construction of the Berlin Wall (1961) and the Cuban Missile Crisis (October 1962), the NATO Council passed a resolution prohibiting the supply of steel pipes to the Soviet Union. This was intended to undermine the oil (Druzhba) and natural gas pipelines under construction. As a consequence, USSR faced severe problems, because in 1963 it needed up to 700,000 tons of steel pipes, half of which had been ordered from the West, including 230,000 tons from the Federal Republic of Germany and 95,000 tons from Italy, Sweden, and Japan. This embargo was formally lifted in 1966. In 1968, half of the 85.8 million tons of oil exported from the Soviet Union were shipped to Western Europe.¹⁰⁷

The Adria-Wien-Pipeline GmbH was founded in 1967. ÖMV was able to appoint seven of the 13 members of the supervisory board. ÖMV therefore held a 51 percent stake in the company, while ENI held four percent and other European and US energy companies like Shell and Mobil held the rest. The Adria-Vienna Pipeline (AWP) was finally completed in 1970. It runs from Schwechat to

103 Bini, “A Challenge to Cold War Energy Politics? The US and Italy’s Relations to the Soviet Union, 1958–1969,” 208.

104 Hayes, *Algerian Gas to Europe*, 8

105 NARA RG 59, EN A1 1611, B 2678. ENI Pipeline and Refinery Project in Austria, October 14, 1960; NARA RG 59, EN A1 1611, B 2678. US Embassy in Vienna to Secretary of State, July 1, 1960.

106 Perović, *Robstoffmacht Russland*, 98–102.

107 Ibid.

Carinthia, where it connects to the Transalpine Oil Pipeline (TAL) in Würlach and continues on one side to Trieste and on the other to Germany.¹⁰⁸

Pipe-Gas-Contracts of 1968

After the end of World War II, the Soviet leadership under Stalin focused increasingly on coal mining in the USSR. Natural gas was seen primarily as an opportunity to reduce the consumption of oil and firewood.¹⁰⁹ In 1956, Nikita Khrushchev marked a turning point in the Soviet energy policy when he declared at the XX Party Congress of the CPSU that the production of gas (and oil) was “of great significance for further growth in the output of consumer goods.”¹¹⁰ It is therefore not surprising that the Soviets did not recognize the economic potential of natural gas in Austria until the second half of the 1950s. SMV supplied the city of Vienna with natural gas.¹¹¹ During the occupation, SMV produced an estimated four billion cubic meters of natural gas (around 1.9 billion cubic meters of dry gas and 2.1 billion cubic meters of wet gas),¹¹² whereby most of the wet gas was flared off or was used as an aid to oil production (gas lift).¹¹³

Between 1950 and 1959, the share of coal as a source of energy in Austria fell from around 67 to 42 percent and the share of natural gas rose from two to eight percent. In Austria, during the 1950s, coal was increasingly replaced by other energy sources, such as hydropower, oil, and natural gas.¹¹⁴ In the 1960s, it became clear that Austria’s economy had grown so much and so rapidly that the existing domestic gas supply was no longer sufficient. If no new major discoveries were made, natural gas production was likely to be insufficient due

108 ÖStA AdR WA, ÖIAG, Unternehmensdokumente, OMV AG, Kt. 135. Einladung zu der am 31. Oktober 1967, 16 Uhr, in der Generaldirektion der Österreichischen Mineralölverwaltung A.G., Wien IX., Otto Wagner Platz 5, Souterrain, stattfindenden Sitzung des Aufsichtsrates der ÖMV AG, October 25, 1967, 1; ÖStA AdR WA, ÖIAG, Unternehmensdokumente, OMV AG, Kt. 159. Bericht des Beideten Wirtschaftsprüfers und Steuerberaters Dr. iur. Friedrich Grumptmann über die bei der Österreichischen Mineralölverwaltung Aktiengesellschaft, Wien vorgenommene Prüfung des Jahresabschlusses 1967, August 30, 1968, 15; OMV, “Adria Wien Pipeline.” Accessed on May 28, 2024. <https://www.omv.at/de-at/ueberuns/versorgung/adria-wien-pipeline>.

109 Rehschuh, *Aufstieg zur Energiemacht*, 157–58.

110 Nekrasov, “Decision-Making in the Soviet Energy Sector in Post-Stalinist Times,” 168.

111 Feichtinger and Spörker, *ÖMV–OMV*, 75–76; Iber, *Die Sowjetische Mineralölverwaltung in Österreich*, 113–17.

112 NARA CIA Records Search Tool, CIA-RDP81-01043R003700130004-9. *Soviet Occupation Economy in Austria. Final Report*, December, 1957, 84–85.

113 Feichtinger and Spörker, *ÖMV – OMV*, 106; Iber, *Die Sowjetische Mineralölverwaltung in Österreich*, 113.

114 WIFO-Monatsbericht, 33/64 (1960), 4.

to the high demands on gas production at the time, at least according to ÖMV's audit for 1964. Although this audit treated the "possibility of cheap natural gas imports [...] with skepticism for the time being,"¹¹⁵ industry in particular exerted pressure and insisted on further expansion or on natural gas imports. Imports were finally identified as the solution that would take effect most quickly. There were several options to choose from, ranging from natural gas supplies from Algeria to a Western European pipeline that would secure natural gas supplies from the gas fields in the Netherlands. These plans were made by Austria Ferngas, a joint company of ÖMV's three mayor customers.¹¹⁶ ÖMV was thus under considerable pressure. In January 1964, the announcement was made that the "Brotherhood" (Bratstvo) pipeline would be constructed from Ukraine to Bratislava. Natural gas from the Soviet Union would run all the way to Czechoslovakia, right on Austria's doorstep.¹¹⁷

Negotiations with the Soviets began in the same year as the announcement as part of Austria's bilateral trade discussions with the USSR.¹¹⁸ In 1966, a bilateral production agreement was concluded with the Czechoslovakian foreign trade agency Metalimex. Under this agreement, ÖMV would increase its gas production in the Zwerndorf field, and on the far side of the border, the Czechoslovaks would reduce their production. The Austrian side was to pay economic compensation.¹¹⁹ One year later, a contract was signed with Metalimex for the supply of summer gas volumes. A gas pipeline 6.5 kilometers long was built between Baumgarten in Austria and Vysoká in Czechoslovakia. Vysoká and, thus, Austria was later connected to "Brotherhood."¹²⁰

In the 1960s, the USSR expanded oil and gas production in the north of Western Siberia. Major gas fields such as Urengoy (which was the second biggest worldwide), Yamburg, and Medvezhye were developed there.¹²¹ In 1966, the Soviets decided to enter the Western European gas market. In the same year a delegation from the Italian ENI and an Austrian delegation independently

115 ÖStA AdR WA, ÖIAG, Unternehmensdokumente, OMV AG, Kt. 158. Beeideter Wirtschaftsprüfer Rudolf Edelberger. Österreichische Mineralölverwaltung Aktiengesellschaft. Bericht Nr. 285/65 über die Prüfung des Jahresabschlusses zum 31. Dezember 1964 (Hauptbericht – Band I), 12–14.

116 NIOGAS, Wiener Stadtwerke, Steirische Ferngas.

117 Högselius, *Red Gas*, 48–50.

118 On the Soviet-Austrian gas negotiations, see: Graf-Steiner, "Soviet-Austrian Economic Relations 1955–1975."

119 *Ibid.*, 50.

120 Feichtinger and Spörker, *ÖMV – OMV*, 151.

121 Perović, *Robstoffmacht Russland*, 116.

visited the Soviet Union. The Austrian delegation was led by Vice Chancellor¹²² and Minister of Trade Fritz Bock and managers of ÖMV and the nationalized steel producer VÖEST. In March 1967, Federal Chancellor Josef Klaus was invited to Moscow for negotiations. It was agreed that further talks should be held about Soviet gas supplies and a Soviet-Italian pipeline crossing Austria. The Soviet Union wanted to be paid for the gas supplied in convertible currency and, to a not inconsiderable extent, by pipes from the Austrian steel company VÖEST.¹²³

In August 1967 and in 1969, ENI signed gas import agreements with the USSR. According to the agreement of 1967 Italy should import 1.2 billion normal cubic meters of Soviet gas starting in 1971. It was settled that the Italians should provide steel pipes, valves and cables to the USSR to build pipelines, and Italian financial institutes should offer credit allowances.¹²⁴ For the Italian connection to the “Brotherhood” pipeline a transit through Austria was needed.

On June 1, 1968, a General Agreement was concluded between the Soviet Ministry of Foreign Trade on the one hand and ÖMV and VÖEST on the other. The deal was signed in Vienna. Due to and in addition to this agreement, three contracts were signed. The first contract was concluded between VÖEST and the Soviet foreign trade company Promsyrimport. VÖEST had to deliver 520,000 tons of pipes and equipment worth 100 million US dollars for the installation of gas fields and the construction of a natural gas pipeline in the Soviet Union. As VÖEST did not possess a pipe factory, the German companies Mannesmann and Thyssen delivered 270,000 tons themselves as a subcontractor. For the rest (250,000 tons), VÖEST supplied steel to the two German companies, which used it to produce pipes.¹²⁵ These economic ties lasted until the second half of the 1970s, when VÖEST-Alpine delivered 200,000 tons of pipes to the Soviet Union via Promsyrimport.¹²⁶ The second agreement between the Foreign Trade Bank of the Soviet Union and the Austrian Kontrollbank granted a loan

122 From 1966 to 1970, there was the first sole government which was not a coalition between the two major parties ÖVP and SPÖ in Austria's Second Republic, led by Josef Klaus (ÖVP).

123 Högselius, *Red Gas*, 50–65.

124 Bini, “A Challenge to Cold War Energy Politics? The US and Italy's Relations to the Soviet Union, 1958–1969,” 220.

125 ÖStA AdR WA, ÖIAG, Unternehmensdokumente, OMV AG, Kt. 160. Bericht des beeedeten Wirtschaftsprüfers und Steuerberater Dr. iur. Friedrich Grumptmann über die bei der Österreichischen Mineralölverwaltung Aktiengesellschaft vorgenommene Prüfung des Jahresabschlusses 1968, Band I, September 1, 1969, 16–17; Högselius, *Red Gas*, 63–65.

126 Compass-Verlag, *Finanz-Compass Österreich*, 1976, 753.

of 110 million US dollars with six percent interest and a term of seven years until 1975 to pay for VÖEST's deliveries to Promsyrimport. The third agreement was signed between ÖMV and Soyuznefteksport on the supply¹²⁷ of 32 billion normal cubic meters until 1990. The price was fixed at 14.10 US dollars per 1,000 normal cubic meters for the first seven years. On June 14 and July 11, 1968, ÖMV signed a contract with Erdgaswirtschaftsgesellschaft m. b. H and with its domestic costumers (BEGAS, NIOGAS, Steirische Ferngas Gesellschaft, and Wiener Stadtwerke) on the purchase of Soviet natural gas.¹²⁸ Article 8 in the Soviet-Austrian General agreement stipulated that the ÖMV should enable gas transit to Italy and France without Soviet involvement.¹²⁹

Until the deliveries began, however, it was unclear whether the Soviets would actually turn on the gas tap. Warsaw Pact troops had invaded Czechoslovakia and put down the "Prague Spring" on the night of August 20–21, 1968. On September 1, 1968, the first Soviet gas crossed the Iron Curtain, nine days earlier than planned. This made Austria the first Western European country to get Soviet natural gas. The Austrian reaction to the Prague Spring was also restrained due to the energy partnership.¹³⁰ At the ceremonial festival at Baumgarten celebrating the first Soviet gas in Austria, Aleksei Kortunov, the Soviet Minister for the Gas Industry, was present. During this visit, he expressed the Soviet wish to purchase fittings and other equipment for oil pipelines in Austria. B. F. Podtserob, the Soviet Ambassador to Austria, expressed thanks for the "amicable atmosphere" which Minister Kortunov had been received. Austrian Foreign Minister Waldheim hoped to intensify the economic ties between Austria and the Soviet Union.¹³¹

127 From Sept. 10, 1968: 130-200 million Nm³, 1969: 800 million Nm³, 1970: 1 billion Nm³, from 1971 1.5 billion Nm³ until 1990.

128 ÖStA AdR WA, ÖIAG, Unternehmensdokumente, OMV AG, Kt. 160. Bericht des beeedeten Wirtschaftsprüfers und Steuerberater Dr. iur. Friedrich Grumptmann über die bei der Österreichischen Mineralölverwaltung Aktiengesellschaft vorgenommene Prüfung des Jahresabschlusses 1968, Band I, September 1, 1969, 16–20; Högselius, *Red Gas*, 63–66.

129 Högselius, *Red Gas*, 63.

130 *Ibid.*, 91–92.

131 AVP RF F. 66, op. 47, p. 100, d. 6. From the diary of the Soviet Ambassador to Austria, B. F. Podtserob, September 28, 1968, 197; Karner and Ruggenthaler, "Austria and the End of Prague Spring: Neutrality in the Crucible?" 431.

Conclusion

After World War II, due to the need for foreign oil sources, the Soviet Union founded the Soviet Mineral Oil Administration in its Austrian occupation zone as early as September 1945. The company formed an extraterritorial administrative body for confiscated German property. Up to 60 percent of the oil produced during the SMV period was exported to communist Central and Eastern Europe. As part of the framework of the negotiations of the State Treaty of 1955, the Austrian state acquired its own oil industry of the former Soviet mineral oil complex. Before World War II, big parts of the oil complex had been in the hands of Anglo-American companies. Austria had to deal with both the Soviet and the Anglo-American claims to Austrian oil. An agreement was reached with the USSR according to which Austria had to deliver ten million tons of crude oil within ten years. As part of Khrushchev's "peaceful coexistence," this was eventually reduced to six million tons, which the Soviet Union sold to four of its "brother countries" in Central and Eastern Europe.

As the production of natural gas in Austria in the 1950s and 1960s could no longer keep pace with demand, the search was on for import options. Within the Austrian administrated ÖMV, many of the leading engineers had created networks with Soviets during the SMV period and afterwards maintained. Negotiations with the Soviets began after the announcement in 1964 that a gas pipeline would be built for the delivery of Soviet gas to the Austrian border. These negotiations about a natural gas pipeline across Austria towards Italy and Soviet natural gas supplies dragged on until 1968. Austria was made the first Western European country to get Soviet gas across the Iron Curtain. Already in August 1967 and in December 1969, the Italian ENI, made natural gas supply contracts with the Soviet Union. The Trans-Austria Gas Pipeline (TAG) went into operation in 1974. Soviet gas flowed through Austria via TAG to Italy. In February 1970, the Federal Republic of Germany signed natural gas contracts with the USSR. The Soviet-German contracts were comparable to the Soviet-Austrian and Soviet-Italian contracts (they included gas deliveries, pipe purchases, and bank loans). Soviet gas supplies to the Federal Republic of Germany were also scheduled to continue until 1990, as was the case with Austria. Finland followed with its gas contract with the USSR in December 1971. As these countries needed ten times more natural gas than Austria, a new pipeline system was necessary, which

was completed in 1973–74. The last Western European country to conclude a contract with the Soviet Union was France, which signed its deal in 1976.¹³²

In Austria, the agreement was viewed very positively and was considered a “great success” well after 1968 because the Soviet Union and then Russia were seen as a loyal partner which delivered despite every crisis. And after some time, the treaty was probably also seen as a success in many Western European countries (and imitated by more than a few).

Tempura mutantur, as the Latin saying goes. In the meanwhile, Austria has changed from pioneer to latecomer. Today, against the backdrop of Russia’s war of aggression against Ukraine, the perspective on Austria’s dependence on Russian gas has changed completely and is seen as disadvantageous by many sides.

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132 Feichtinger and Spörker, *ÖMV–ÖMV*, 152; Högselius, *Red Gas*, 219; Schattenberg, “Pipeline Construction as ‘Soft Power’ in Foreign Policy,” 571.

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