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## 6 Energy as a foreign policy tool

### Foreign policy and the purpose of energy systems

What is the purpose of the global energy system? Why do we need it? This is a basic – perhaps too basic, even silly – question to ask. Yet the answer is anything but clear-cut, especially when we view energy from a sociotechnical systems perspective.

From a *technical* point of view, it is common to postulate that the purpose of an energy system is to fulfil "the demand for energy services", "to deliver energy services such as illumination, comfortable indoor temperatures, refrigeration, transportation, etc.", "to convert the potential energy in the raw energy resource (fossil fuels, uranium, wind, PV) to a useful energy form, which can be distributed and used freely for any energy service" and so on. But as we saw in Chapter 2, energy systems are not merely technical entities; they are *sociotechnical* constructs. And from a sociotechnical point of view, the purpose – or goal – of an energy system is highly ambiguous. In particular, the sociotechnical perspective forces us to acknowledge that the purpose of the system can lie *outside* of energy supply as such. The goal can be something that is not technical or physical at all.

Moreover, we need to look at energy supply from the perspective of different actors and stakeholders. As emphasized earlier, different categories of actors have different interests. This means that they see different opportunities in taking action in relation to energy – and their goal is to exploit those opportunities. Scientists, inventors and entrepreneurs typically view energy systems as levers of personal riches and fame. The top managers of energy companies also see personal opportunities, while at the same time viewing energy systems as moneymaking machines for their shareholders. Environmental organizations may view new energy systems as vehicles in combatting pollution and climate change. Terrorists view energy systems as potential tools in holy wars. And then we have the state actors, which, as we have seen, are more diverse in their interests than is usually acknowledged.

In this chapter we look specifically at the interest of foreign policy actors. What is the purpose of global energy from a foreign policy point of view? Foreign ministries naturally view energy systems from the perspective of their entanglement with international relations. In Chapter 5, we saw

how foreign policy actors are called upon in attempts to cope with energy dependence. But their own prime concerns are with existential foreign policy goals such as ensuring the country's territorial integrity, its ability to prevent wars and solve international conflicts, its reputation in the international arena, its capacity to build political alliances with other countries and so on. And they view global energy as a powerful tool – a metaphorical lever – in seeking to attain these goals. Accordingly, it is energy's perceived impact on wider foreign policy concerns that constitutes the point of departure for their strategizing in the energy field.

### Manipulating flows

How, concretely, can governments use energy as a foreign policy tool? In the following, I sketch five basic avenues of action, or ways to “manipulate” energy for foreign policy purposes.

First, governments may aim to *manipulate cross-border flows* of energy. This usually translates into *sanctions* of various kinds. Negative (punishing) sanctions are deployed to put pressure on a foreign government to change its policies or actions in one field or another – which, importantly, is usually unrelated to energy – and are then removed if the foreign government “gives in”. Positive (rewarding) sanctions are deployed to endorse a foreign government's behaviour, with the latent possibility that the rewards might be removed if that behaviour changes. Import and export embargoes are the most radical ways to operationalize negative sanctions, with the 1973 Arab oil embargo as an iconic case. The Arab governments involved in the embargo successfully forced a number of countries to rethink their political stance on the Arab-Israeli conflict. Japan was probably the country most seriously affected. At the height of the conflict, Saudi Arabia's long-term oil minister Zaki Yamani explained the situation to the Japanese: “If you are hostile to us you get no oil. If you are neutral you get oil but not as much as before. If you are friendly you get the same as before”. The problem was that since the end of World War II, Japan's foreign policy had centred on an alliance with the United States, which meant that Washington expected Tokyo to side with Israel in the Yom Kippur War. Henry Kissinger, newly appointed US Foreign Secretary, flew to Tokyo in November 1973 to persuade the Japanese government that a change in its foreign policy was not necessary. But the Japanese oil industry was extremely dependent on OPEC oil – 77% of Japan's energy consumption was oil, and most of this came from the Middle East. In this situation, the Japanese finally arrived at the conclusion that their political relations with the Arab countries must be prioritized. So, a few days after Kissinger's visit, Tokyo publicly declared that it was changing its foreign policy *vis-à-vis* the Middle East, from now on endorsing the Arab position in the conflict against Israel. That declaration represented “Japan's first major split on foreign policy with the United States in the post-war era”. At about the same time, the European Community, too, painfully aware of its high

dependence on Arab oil, decided to officially support the Arab position in the Arab-Israeli conflict. In this case the Arabs did not think this move sufficient, but continued to forcefully argue that the Europeans, in their foreign policies, must keep “putting pressure on the United States on Israel”.<sup>2</sup>

In the case of natural gas, the political nature of Russia's recurring supply disruptions to several ex-Soviet states in Eastern Europe and the Caucasus have been much debated, although the relationship between these disruptions and the Kremlin's foreign policy ambitions have not been as explicit as in the Arab oil case. The Kremlin has never publicly declared that it has issued a gas export embargo on any country to attain foreign policy goals. But both foreign policy actors in the importing countries and an army of Western analysts have interpreted Russian gas as a foreign policy tool, most markedly so in the case of Ukraine. The much-publicized supply disruptions of 2006 and 2009, in particular, were widely interpreted as attempts to influence Ukrainian foreign policy. What is fundamentally at stake here has been the struggle between Russia and the European Union (EU) – and between pro-Russian and pro-EU actors in Ukraine – for political power over and in Ukraine. The Kremlin regards Ukraine and other former ex-Soviet republics as Russia's “near abroad” and part of its natural “sphere of influence” (to use a classical geopolitical concept). The EU and pro-Western actors in Ukraine, by contrast, view Ukraine as a potential EU member state. And Ukrainian, Russian and EU foreign-policy makers all realize that natural gas can be mobilized as a potentially decisive instrument in this struggle.<sup>3</sup>

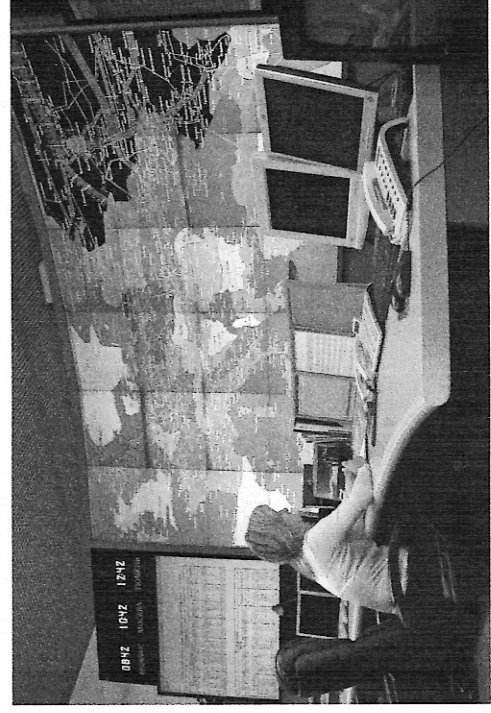


Figure 6.1 Europe's dependence on Russian natural gas is often argued as constituting an “energy weapon”. This suggestive photo, showing Gazprom's computerized control room in Moscow, conveys the impression that a mouse click is all that's needed to disrupt the massive gas flows from Russia to foreign nations. Photo credit: Science Photo Library.



Another notable embargo case is that of uranium exports to India. Here, the United Nations played a pivotal role in bringing a vast majority of the world's countries together in the Non-Proliferation Treaty (NPT), which was signed in 1968 and entered into force in 1970. The NPT signatories agreed to allow exports of uranium only to other members of the treaty, and members other than those already in possession of nuclear weapons had to relinquish any activities related to the development of such weapons. India, controversially, chose to prioritize developing nuclear arms and hence did not become an NPT member. This led to a ban on uranium exports to India. Given India's poor indigenous uranium resources, many Western governments hoped that the uranium export ban would force India to reconsider its military ambitions in the nuclear field. This failed. India successfully tested its first atomic bomb in 1974, to the outrage of the Western world, but inspiring numerous other developing countries to pursue nuclear-weapons-based military strategies. Eventually, in 2008, the uranium export embargo was loosened. The main reason was that India was now considered an important ally to the Western world in South and Central Asian geopolitics, especially in the fight against terrorism. Since then, India has been able to import uranium from a variety of suppliers. However, uranium exports to India still remain controversial, especially in Australia.<sup>4</sup>

In the context of renewable energy, it has been hypothesized that electricity exporters could similarly make use of the embargo method to attain foreign policy goals. Today most international electricity connections take the form of synchronized AC connections. The interconnected grids are generally interdependent, and electricity may flow in opposite directions depending on factors such as weather, seasons and hourly demand. There are few large-scale net exporters of electricity. However, there is now a trend towards construction of HVDC links, which are often built for the purpose of electricity exports rather than grid stability – and some of these connections are deliberately designed for one-way flows. The first HVDC links were built back in the 1960s. Among others, Finland started importing electricity from Russia through a “back-to-back” HVDC arrangement. That trade has worked well since its start in the 1980s. But in 2011–2012, Finland was suddenly shaken by a number of unexpected reductions in the power flow. There was no sign that Russia was trying to use the HVDC link for foreign policy purposes; rather, the electricity company on the Russian side of the border appears to have diverted some of the “Finnish” electricity to the domestic Russian market when rates were higher there. The goal was to maximize revenues. Yet, the events made the Finnish grid operator reinterpret the HVDC connection as one that might potentially be used to exert pressure on Finnish foreign policy *vis-à-vis* Russia.<sup>5</sup> Similar fears have been debated in the context of the much-publicized Desertec project, for example, which was launched as a grand vision in 2009 and centres on massive solar energy exports from North Africa and the Middle

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East to less sunny regions in continental Europe.<sup>6</sup> The grand visions of the Chinese State Grid to export solar and other electricity from sunny Xinjiang to Central Asia and perhaps even to Europe also immediately gave rise to suspicion among Western actors when first announced. Crimea, the Ukrainian Black Sea peninsula that was occupied and then annexed by Russia in 2014, is one of the few places that have actually been affected by politically motivated electricity supply disruptions. In this case, however, state actors played no role; instead, the connection was cut as unidentified saboteurs – presumably radical Ukrainian nationalists – blew up several pylons in southern Ukraine which supported the transmission lines.<sup>7</sup>

Energy exporters have often attempted to combine embargoes with attempts to “divide and rule”, seeking to splinter their enemies politically and preventing them from forming a united front. In 1973 the Arab countries shrewdly divided the world's oil-importing nations into several different categories – from “embargoed” (the United States, in particular) to “most favoured” – correctly anticipating that this would make it more difficult for the importers to come to an agreement about sharing the available oil resources with each other.<sup>8</sup> The Soviet Union, in the initial phase of its Cold War gas export campaign, likewise divided the capitalist countries into two groups: one that would be allowed to import natural gas, and one that would not. The Kremlin set out to develop very fruitful energy relations with Italy, Austria, France and Finland – hoping that gas exports to these countries would help to foster cooperation in other fields as well – while refusing to talk with West Germany. German “imperialism” was allegedly “the USA's chief ally in Europe in aggravating world tension”, and the federal government in Bonn was seen to be composed of dangerous “former Nazis and even war criminals”, as Soviet leader Leonid Brezhnev phrased it at the 1966 Congress of the Soviet Communist Party. The other countries, by contrast, were praised for their constructive and friendly attitude.<sup>9</sup>

It should be emphasized that importers, too, may make use of the embargo tool. They can do so by simply refusing to import energy as a means of putting pressure on the exporting nation to change its actions and policies. Recent examples here include Western sanctions against purchases of Iranian crude oil and imports of North Korean coal. Similarly, many Western nations have refused to import uranium from countries they perceive to be politically dubious, such as Namibia during the apartheid era.<sup>10</sup> A related case is the politically enforced withdrawal of Western-controlled oil companies from countries such as Sudan on the basis of dissatisfaction with human rights issues, freedom of speech, corruption, environmental scandals and the like. The US House of Representatives, for example, voted in 2001 to “bar oil firms with investments in Sudan from raising capital on US markets”.<sup>11</sup> The idea has been to put pressure on African governments to carry out political reforms in a more democratic and liberal direction. In reality, this has rarely had the desired effect, and over the past two decades

the vacuum created by the Western withdrawal has, instead, been filled by state-owned oil companies from China and elsewhere.

In between exporters and importers, transit countries may attempt to manipulate flows for political leverage. This is so particularly in the case of grid-based energy systems such as electricity or natural gas, and when there are no viable alternative routes. After the dissolution of the Soviet Union, Belarus and Ukraine, in their capacity as transit countries for gas on its way to Central and Western Europe, found that they had substantial potential leverage over Russia, and they have not hesitated to make use of this for foreign policy purposes – a circumstance that is often forgotten in the discussions about Russian uses of the “gas weapon”. This leverage exerted by transit countries is a main factor behind Russia’s recent – and very expensive – move to build up a totally new transit infrastructure through the Baltic Sea, through which the former Soviet republics are simply circumvented.

That case can be compared with the perceived political risks that US system-builders and state actors voiced half a century ago in the context of proposed Alaskan oil transit through Canada to US refineries. The fears here concerned the potential leverage that the Canadian federal government, state governments and First Nations might attain. Their potential leverage became one of the main reasons for the preference of an alternative transportation route, centring on a Trans-Alaskan Pipeline, as it came to be called, and tanker transport from the Alaskan port of Valdez to the US Pacific Coast or to Asia.<sup>12</sup> In the future, we are likely to see similar debates over transit geographies in the context of the long-distance transmission



Figure 6.2 Constructing the Nord Stream I pipeline. Poland’s foreign minister Radosław Sikorski famously dubbed Nord Stream the “Molotov-Ribbentrop Pipeline”, and other actors criticized the project on environmental grounds. Here the pipeline is being lowered into the Baltic Sea by the Italian vessel Castoro Dieci in summer 2011. Photo: Nord Stream AG.

of renewable electricity. For example, the Desertec project early on led to a discussion about the potential leverage of countries such as Tunisia – already an important transit country for Algerian natural gas – in the envisioned solar electricity supplies from North Africa to Europe.<sup>13</sup>

### Manipulating prices

Apart from direct, physical manipulations of energy flows, governments may set out to manipulate flows indirectly through radical price shocks. In the case of easy-to-transport fuels such as oil, coal and uranium, geographically targeted price increases are difficult to implement in a selective manner, since the buyer can often – but not always (see the discussion in Chapter 5!) – turn to another supplier. Hence, for example, the oil price shocks of 1973/1974 and 1979 affected the entire world rather than those countries that the Arab governments regarded as unfriendly. Grid-based systems, by contrast, offer ample opportunities for exerting political pressure through targeted price manipulations. This is because importers have fewer possibilities – and often none at all – to draw upon supplies from elsewhere. Gazprom, to take one of the most extreme examples, has been able to more or less dictate its gas export prices to its customers in a range of ex-Soviet republics – plus Finland – due to the legacy of the Soviet pipeline network, which definitely was not built to enable alternative supplies from elsewhere. As we saw in the previous chapter, gas prices in Eastern Europe vary in a way that in the eyes of many lacks any “natural” logic. Importers have been subject to both price shocks and sudden generous discounts, many of which have been widely interpreted as reflecting the Kremlin’s foreign policy goals.

This has been most clearly demonstrated in the case of Ukraine. In December 2013, pro-Russian Ukrainian President Viktor Yanukovich secured a deal with Russia that did not merely guarantee that Russia would continue to ship gas to Ukraine – which was highly dependent on this energy source – but also that this gas would be supplied much more cheaply than before (at a 33% discount). To achieve this, Yanukovich was forced to promise that his government would not sign any political association agreement with the EU. This link between gas prices and foreign policy was perceived as so radical, however, that it triggered massive public protests in large parts of Ukraine. Two months later, Yanukovich was ousted. Gazprom then cancelled the discount, together with other, previous rebates, so that the gas price suddenly increased by 80%! Shortly afterwards, in March 2014, Russian military forces entered and occupied Crimea, and civil war erupted in eastern Ukraine between Russian-supported separatists and the central powers in Kiev.<sup>14</sup>

An important alternative strategy to embargoes and radical price increases is its opposite: to flood foreign markets with cheap energy. For example, when the Soviet Union re-entered the global oil market as an



exporter in the mid-1950s, the US government accused the Kremlin of dumping crude in Europe for foreign policy purposes. Washington was upset by large-scale Soviet oil supplies at discounted prices to countries such as Italy, Finland and Sweden, interpreting these deals as attempts by Moscow to wreak havoc in international oil markets, throw a wrench in Western European attempts at political unification and stimulate political support for the Soviet Union among the importing nations.<sup>15</sup> More recently, China has been accused of dumping energy-related items on world markets, especially solar PV cells, but also excess coal. Western analysts have also argued that China sold massive volumes of rare earth elements (REEs) at artificially low prices in the 1990s and early 2000s – in a way that helped to drive Western rare earth companies out of the market; this then paved the way for the much-debated Chinese dominance – and alleged abuses – of rare earth supplies to Japan and elsewhere (see further Chapter 7).

In the world of oil, Saudi Arabia is the only country that has production (and storage) capacity sufficiently large and flexible to be able to practice dumping on a large scale. For this reason, increases and decreases in Saudi oil production are monitored closely, not only by oil companies worldwide but also by governments. Any significant increases in production typically generate suspicions of oil being used by Riyadh as a foreign policy tool. In the 2010s, Saudi production increases have been discussed mainly in the context of competition with North American tight oil. There is no doubt about the fact that Saudi Aramco and the Saudi government – along with other OPEC (and Russian) actors – have at times increased production in an attempt to tamp down world oil prices, the goal being to squeeze the more expensive American oil out of the marketplace. But it is not clear whether this should be interpreted as a business strategy linked to profitability and market share considerations, or rather as a foreign policy tool. We will return later on to the ambiguities involved in assessing situations like this one.

### Manipulating system-building

Governments may also *manipulate system-building activities* for foreign policy purposes. In fact, it is rare to see foreign policy actors *initiate* the construction of a new energy system or a new component or link in such a system. However, it is common that they *intervene* in such activities, encouraging or discouraging various projects or trying to reshape them in a way that will serve their interests. The most typical situation here is perhaps one in which a prime minister or a foreign office gets to hear about a project being proposed by an energy company or an equipment supplier. The government may see merit in the project from a foreign policy point of view and decide to support it, sometimes with great enthusiasm, judging that it might help to improve diplomatic relations with the involved countries and strengthen the nation's overall reputation in the international arena. Or it may veto the

proposed project on the basis of the perceived political risks. Such considerations have clearly shaped the global energy geography in decisive ways.

During the Cold War, for example, the North Atlantic Treaty Organization (NATO) member states in Western Europe, under pressure from the United States, discouraged the construction of electricity transmission lines across the Iron Curtain – although many leading electrical engineers and international organizations such as the UNECE advocated such links on the basis of both economic and political opportunities.<sup>16</sup> In East Asia, Chinese foreign-policy makers enthusiastically advocated oil export arrangements to Japan in the 1970s, because they hoped that Sino-Japanese energy cooperation would make it less attractive for Japan to develop fruitful political relations with the Soviet Union, an enemy of China at the time.<sup>17</sup> In other cases, energy projects and systems have become bargaining chips in complex political negotiations between two or more states. An interesting case here is Bolivia's (ultimately failed) attempt to build a gas-export pipeline to Chile and conclude a large gas-trade deal with the Chileans; in return, the Bolivian government wished to acquire part of Chile's territory so as to gain direct access to the Pacific Ocean.<sup>18</sup> Another is US state support in 2001 to the controversial oil pipeline – championed by Chevron – that would bring Kazakh oil to world markets by way of Russian territory; while this increased the leverage of Russia in Caspian oil, President George W. Bush decided to support the project in return for Russian assistance in the war it had just launched in Afghanistan.<sup>19</sup>

A popular strategy for manipulating system-building has been to embargo exports of technology and equipment to “unfriendly” states. Such embargoes were first-page news during the Cold War era, when hawkish foreign-policy makers in the United States and elsewhere – mainly NATO countries – sought to prevent technology exports to the Soviet Union, Eastern Europe, China, Cuba and other communist countries. Many energy technologies were “securitized” during that era; they were rhetorically (re)defined as being of national strategic importance and of potential danger if exported to the communist world. Large-diameter steel pipe, for deployment in long-distance oil and gas pipelines, and compressor stations for natural gas systems were among the most hotly debated items, along with turnkey deliveries of entire refineries and gas-processing plants. This development reached two peaks: one in the late 1950s and early 1960s, and the other in the early 1980s. These were difficult times for the Western manufacturers of the items in question, from Britain's Rolls Royce (a leading maker of gas compressors) to Germany's Thyssen and Mannesmann (manufacturers of high-quality steel-pipe). The companies disliked the export restrictions because a country such as the Soviet Union offered one of the world's largest markets for their products.<sup>20</sup> In the twenty-first century we have once again seen a wave of export embargoes in the energy-technology field, with countries such as Russia and Iran

as major targets. And once again, the Western manufacturers and service providers are anything but happy about the sanctions.

Energy-related development aid has also played an important role for foreign-policy makers in their attempts to manipulate system-building. Soviet foreign-policy makers, for example, enthusiastically supported the provision of technical assistance and expertise to a range of developing countries. The experts themselves usually regarded their work abroad as serving a higher purpose of world development; they contributed, as they saw it, to eradicating poverty, stimulating industrial growth and supporting societal modernization. From the Kremlin's point of view, however, the aid programmes served a different purpose. Helping developing countries to harness their energy potential – from hydropower in Egypt to natural gas in Afghanistan – was seen as a way to keep rivalling foreign powers out of these countries and prevent the United States from establishing itself as a world political hegemon.

The developed capitalist countries of the world have behaved in more or less the same way. Energy played a central role in post-war Marshall Aid to Europe, which the United States happily provided in order to prevent the spread of communism in Western Europe. Many of the Western European nations that received Marshall Aid later became major donors in their own right, serving a range of developing countries in Africa, Asia and Latin America. Again, energy and other infrastructural sectors were clearly emphasized. The aid was highly selective in a political sense: it was not given to those countries that were most in need of it, but to countries that were in need of support and fulfilled certain political criteria. Sweden, for example, emerging as a major donor in the 1960s, used the lure of access to its world-leading competencies in hydropower construction to endorse and encourage socialist political reforms in places such as Mozambique and Tanzania.<sup>21</sup> Over time, Western development aid was sometimes withdrawn from countries that did not live up to political expectations. Today Western development aid is being rivalled by Asian initiatives. China, in particular, has become extremely active in numerous resource-rich African countries, often stepping in where Western actors have left in protest against human rights issues and the like. As we have seen, Chinese state-led investments in African oil can partly be interpreted as a vulnerability management strategy in the face of growing oil import dependence. Yet there is no doubt about the fact that these investments – which are now reshaping African energy systems in decisive ways – also serve China's foreign policy interests in Africa.

The extent to which foreign policy actors are ready to support or oppose an international energy project is often related to the project's technical, geographical and organizational features. A foreign office may disapprove of a proposed project because it considers its scale too great, or it may support a project under the condition that a different constellation of system-builders take the lead or a different transportation route be selected. In negotiating the post-war petroleum order, for example, Saudi Arabian King Ibn Saud, who was suspicious about everything British, insisted that the planned

scaling up of Saudi oil production had to be carried out by American companies only and without British participation.<sup>22</sup> And in the choice of an optimal pipeline route for moving Soviet natural gas to Europe during the Cold War, West German foreign policy *vis-à-vis* East Germany, whose sovereignty as a state Bonn did not recognize until 1972, dictated that no pipelines could cross East German territory – even though that would have been a logical route from an economic point of view.<sup>23</sup> In the twenty-first century, the Indian government has considered it unfeasible, from a foreign policy view, to import piped natural gas from two exceptionally gas-rich countries in its geographical proximity – Iran and Turkmenistan. One reason is that the gas would have to be transited through Pakistan. As a result, the Indian natural gas supply system has, instead, become based on liquefied natural gas (LNG) terminals through which gas can be imported from several different sources (and without the involvement of problematic transit countries) – albeit under much less favourable economic terms than potential pipe-based supplies from Iran or Turkmenistan. South Korea is in a similar situation: it imports massive volumes of LNG from Southeast Asia and the Middle East, although it would probably be economically more efficient to draw on pipeline-based Russian supplies. At the time of writing, the latter option is still considered unacceptable because the gas would have to be transported through North Korea. A final example concerns the “unnatural” choice of pipeline route for moving Caspian oil to markets; it goes through Azerbaijan, Georgia and Turkey, whereas a much more logical choice, from a technical-economic point of view, would have been a Trans-Iranian route. American foreign policy officials, in particular, considered the latter route geopolitically unacceptable. Moreover, the selected route fits in with broader strategic interests of the United States in the Caucasus and Turkey. As Secretary of Energy Bill Richardson put it in November 1998, the choice of pipeline route was to a large extent about “preventing strategic inroads by those who don't share our values.”<sup>24</sup>

A special category of investments in which foreign policy motives typically play important roles are projects in geopolitically sensitive or disputed areas, such as border regions or territories where the borders have not yet been settled. Hydropower projects in international river basins belong to this category. In the interwar years, for example, France embarked on a radical project to exploit the hydropower potential of the Upper Rhine. The engineering designs relied on water being transferred from the Rhine into a lateral canal – the Grand Canal, as the French called it – essentially moving the entire river into France. In neighbouring Germany, the project was widely interpreted as a hostile initiative designed to destroy Baden-Württemberg's agriculture. Some German scientists believed that the project would pave the way for the “steppification” of southern Germany, and as such it became an argument for Hitler to go to war with France.<sup>25</sup>

Since then numerous other hydropower projects in international river basins have become subject to heated political disputes. Some concern rivers

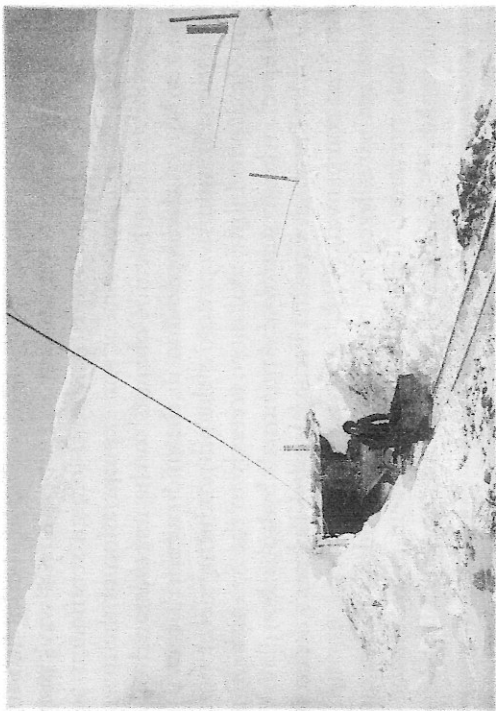


that, like the Rhine, form the border between two or more countries. The Gabčíkovo–Nagymaros Dam on the Danube between Hungary and what is now Slovakia is one example. It was initiated in 1977 but has not been finished. Hungary suspended ongoing construction of the dam in its part of the river in the context of communism's collapse in the late 1980s, citing harmful environmental consequences. Slovakia wished to proceed, and eventually did so by diverting the river in a controversial way – not unlike the French had done with the Rhine decades earlier. The project has subsequently become a stumbling block in the wider context of Slovakia's and Hungary's troubled political relations.<sup>26</sup>

Other hydropower controversies concern the relations between upstream and downstream nations. When an upstream nation decides to build a hydropower dam in a river, this inevitably has effects on downstream water flows. International legislation and conventions have been developed to smooth over the conflicts such situations present, but this has not prevented some projects from causing diplomatic quarrels, some of them with existential overtones. Some dams have been interpreted as potential “energy weapons” that grant the upstream government substantial political leverage over downstream governments. Critical agricultural interests are often at stake, the nightmare being that the upstream nation either close the dam, thereby temporarily disrupting the water flow, potentially causing a catastrophic drought, or open it in a literal flooding attempt. Examples include Turkey's hydropower visions along the Tigris and Euphrates (with Syria and Iraq as downstream states), and Ethiopia's grand hydropower projects along the Blue Nile (which flows to Egypt).

Furthermore, many governments have sought to mobilize energy-related activities as a tool to support territorial claims and to gain political influence abroad. This builds on a long historical tradition established in the era of imperial expansion, where evidence of economic or industrial activity was widely regarded as a prerequisite for international recognition of territorial claims. In the early twentieth century, for example, Swedish, Norwegian and Russian foreign-policy makers actively supported the establishment of coal-mining enterprises in the Arctic archipelago of Spitsbergen. They did so because they wished to influence the future legal status of Spitsbergen, and hoped that the mines would help them strengthen their position in international negotiations on this matter.<sup>27</sup> In our own times, the British government's decision to allow – and support – oil and gas prospecting and exploration in the waters around the Falkland Islands may also be interpreted as a way for Britain to strengthen its claim for sovereignty in this area, which is contested by Argentina.

In a similar vein, recent conflicts over sea borders and exclusive rights to sub-sea energy resources in areas such as the Arctic Ocean and the East and South China Seas are strongly related to foreign policy – although in this case it is sometimes difficult to discern the extent to which offshore energy resources have been mobilized for foreign policy purposes, or whether the



*Figure 6.3* Swedish coal production in Spitsbergen, 1918. The picture shows the first load of coal produced from the Svea mine. Swedish foreign-policy makers supported this business-led mining project, making use of it as a tool in the struggle against other nations for political control of this Arctic archipelago. Photo credit: Swedish National Museum of Science and Technology.

energy supplies as such are at stake. Russia's state-supported activities in the Arctic Ocean are a case in point. On the one hand, these activities may be interpreted as a Kremlin-led effort to assert Russia's political and military dominance in the region. On the other, they must be seen in the context of rapid depletion of Russian onshore oil and gas deposits – and the resulting need to secure additional supplies to sustain fuel exports. State-controlled industry actors such as Gazprom and Rosneft have often been reluctant to move ahead with concrete investments in Arctic exploration, pointing to the enormous technical and economic challenges. But such reluctance may reflect attempts by the companies to secure state subsidies for prospecting and exploration and may in this sense conceal their actual enthusiasm. Yet the impression is that Arctic exploration is being pushed forward primarily by the Kremlin, which, apart from eyeing the region's strategic significance, uses the heroic quest for Arctic energy to compensate for the country's lost superpower status. The planting of a Russian flag on the ocean floor at the North Pole in August 2007 can be seen as an expression of this.

### Manipulating ownership and control

Ownership and control are clearly central themes when it comes to energy in the foreign policy context. Foreign ownership over local energy systems

has often been highly controversial precisely because it has been perceived as linked to foreign governments' agendas – even if the foreign investors are privately owned. A foreign investor in energy must always prepare itself for situations where nationalist and anti-foreign sentiments suddenly run high, with sabotage, harassment and expropriation of the investments as a real possibility. This became obvious to the international oil majors during the heydays of decolonization in the mid-twentieth century, when a wave of nationalization swept across the oil-producing developing countries, from Mexico to Libya, and more recently to the Spanish oil and gas company Repsol, whose control of Argentina's hydrocarbon flagship YPF was thwarted by President Cristina Fernández de Kirchner's decision to (re)nationalize that company in 2012.

Suspicious against alleged political motives behind foreign acquisitions have sometimes prevented foreign investments from materializing. In the United States, the 2005 Unocal affair is a case in point. Unocal was an American oil and gas company founded back in 1890. In the early 2000s, it gradually became clear that the company was for sale. But who would buy it? Chevron, one of the supermajors and the second largest US-based oil company, emerged as the main contender. It came up with what seemed to be a highly competitive bid, \$16.5 billion, far above all others. But then a new actor suddenly entered the game: the Chinese state-owned company CNOOC. It offered to pay even more for Unocal, \$18.5 billion. It was the largest Chinese bid ever seen for a US company. Many Americans reacted vehemently against the Chinese offer. The opponents cited national security interests: since CNOOC was a state-controlled company, analysts suspected that the bid might somehow be part of a Chinese government strategy. It was feared that Beijing might use Unocal to achieve certain foreign policy goals. Unocal in Chinese hands, or so the argument went, would be a Trojan horse, of great potential danger to the United States. Underlying the whole affair was, of course, the fact that China was a communist power and, above all, a rapidly rising power on the world political arena. In the end, the takeover attempt failed. A coalition formed by the company's managers, Washington lobbyists and republican politicians managed to introduce a piece of new legislation that prevented CNOOC from buying Unocal.<sup>28</sup>

The Chinese have been more successful in Africa. As we have seen, investments by Chinese state-controlled companies in countries such as Angola and Sudan can largely be interpreted as a way for Chinese oil companies to cope with their growing oil-import dependence. However, the Chinese government and the Communist Party support these investments not only for the sake of Chinese energy security; they also view the companies' African investments as excellent opportunities to build fruitful diplomatic relations with a range of African governments, spread the Chinese model of social and economic development to the continent, and thus also shape Africa's political future.

In Europe, Russia's Gazprom has made numerous important foreign acquisitions. The company has been very eager to strengthen its presence in its customer countries and the countries through which Russian gas is transported. For example, Gazprom now owns the Belarusian and the Armenian gas transport infrastructure and the German gas distributor Wings. It also holds between 25% and 50% of the main gas companies in Serbia, Moldova, Hungary, Latvia, Estonia and Finland.<sup>29</sup> Gazprom motivates its foreign investments on purely business-strategic grounds. It is simply seeking downstream integration, or so the argument goes, in the same way that energy producers across the world have done for over a century. The company's managers argue that its activities have nothing to do with Russian foreign policy. In the target countries, however, the acquisitions have often evoked perplexity and dismay. The politicians in charge of approving the ownership changes have typically been accused of accepting bribes or of being biased in their support through personal friendships with key Russian managers or decision-makers. Many analysts have interpreted Gazprom's inroads as attempts by the Kremlin to use the company as a foreign policy tool.

Smaller countries have also been active in foreign acquisitions of energy companies. The electricity and district heating systems of Stockholm, the Swedish capital, are currently controlled by the Finnish state-controlled company Fortum. As a result, heat and electricity supplies to the Swedish Government Offices are at the mercy of the Finns! Fortum also has major stakes in several Swedish nuclear power plants. The Swedish state, for its part, through its Vattenfall energy company, controls the electricity systems of key German cities such as Hamburg and Berlin along with most of the former East Germany. The Swedish acquisitions in Germany have sometimes been compared to the aggression of the Swedish army under Gustavus Adolphus during the Thirty Years War (1618–1648), which caused much havoc in the German lands. At that time, the Swedish king was sometimes celebrated as a liberator of the Germans from Catholicism. Today, the Swedish Green Party wants the government to use Vattenfall's power in Germany to liberate Germany from fossil fuels.<sup>30</sup>

### Manipulating discourses

Of decisive political importance in the information age is not only what governments *do* but also what they *say* and how they say it. The geopolitics of energy is no exception here. Discourses about energy can become powerful tools in the hands of foreign-policy makers.

Many international energy relations are only marginally linked to foreign policy issues, and for this reason they rarely become subject to public debate. Most energy-related conflicts and crises have their roots in non-political disagreements such as differing interpretations of politically irrelevant contractual clauses, technical problems in the international energy



trade, competitive rivalry of a non-political nature and the like. Although such issues may fuel major debates among engineers, lawyers and economists, there is rarely any intrinsic need for political intervention.

However, foreign policy actors sometimes enter such debates by deliberately *politicizing* them. In the same way as terrorist groups "take responsibility" for attacks in which they actually played no role, foreign policy actors may take credit for international energy crises, conflicts and breakdowns that were actually brought about without much political involvement. For example, in the early 1980s, several Western European countries were in the process of negotiating scaled-up imports of Soviet natural gas. Economic recession, however, gradually lessened the European interest in further imports from the East, and by late 1982 gas companies in countries such as Italy and France had opted to take a "pause for reflection" in the negotiations with Moscow. Then, in mid-December 1982, the democratic Solidarity movement in communist Poland was brutally crushed by the military, fuelling political protest all over Western Europe. Most Western analysts concluded that the Soviet Union was most certainly behind this course of events. The Western governments then solemnly declared that they were postponing the gas negotiations with the Soviet Union for political reasons – as a way to show their dislike with the Soviet behaviour. In other words, the "pause for reflection" was politicized.<sup>31</sup>

Another revealing case concerns Algeria's LNG exports to the United States in the 1970s. When the Arab oil embargo was launched in autumn 1973, the Algerian state company Sonatrach was facing a number of technical problems at its LNG export terminals. The Algerians were working hard to solve the problems, but their resolution took time. Then, in December 1973, Algeria's Minister of Energy Belaid Abdessalam reframed the delivery problems as being politically motivated, telling American journalists that "future shipments of LNG to the US on a continuous basis may depend on the satisfactory settlement of the Arab-Israeli conflict".<sup>32</sup> This example points to a confusing conflation of technical and political factors – and to the possibilities that arise for discursively reframing energy-related events in the foreign policy context.

A third case concerns the conflict between Russia and Estonia over natural gas supplies after the Soviet Union's collapse. As of 1993, many ex-Soviet republics found themselves unable to pay for gas deliveries from Russia, and Gazprom was in deep trouble, as it was unable to enforce payments for deliveries. Huge debts were mounting. This development coincided with a diplomatic crisis between Russia and Estonia. The Estonian government had issued a new citizenship law which was seen to hurt ethnic Russians in Estonia. The Kremlin protested vigorously against the law, and in this context it also supported a gas supply disruption to Estonia. However, similar supply disruptions were experienced at that time by other ex-Soviet republics as well. Supplies to Lithuania, for example, were cut off. The Lithuanian government had not issued any anti-Russian laws. However,

the country's gas debt was much larger than Estonia's. The impression is that the Estonian disruption would have occurred even in the absence of the citizenship law, but that the Kremlin made use of the gas debt debate to strengthen its activities in the foreign policy arena.<sup>33</sup>

It should be emphasized that discourses may also be manipulated in positive ways. Governments are often eager to "bless" international energy projects that were not actually developed to serve political interests. Top politicians from multiple countries usually take part in inauguration ceremonies in connection with start-ups of transnational hydropower plants, oil and natural gas pipelines, offshore wind power parks in border-near regions and the like – even if the governments actually played only negligible roles in shaping the projects in question. They rarely miss the opportunity to frame international energy projects rhetorically as symbols of international friendship.

Moreover, renewable energy investments in many countries are currently used rhetorically by governments as evidence of responsible environmental thinking and technological innovativeness. The aim is typically to build up a reputation that in turn will attract foreign capital – and, more generally, to strengthen the country's prestige in the international arena. Germany's famous *Energiewende* is a case in point. The energy transition, featuring massive investments into wind and solar energy, has served well to raise Germany's overall international reputation far beyond the energy realm. German politicians are in dire need of such positive discourses, given the fact that in many parts of the world their country is still associated with a dark and violent past.

### Energy weapons real and imagined

Whether a certain country possesses an "energy weapon" and if so, whether its government wields this weapon in actual practice, is often subject to debate. Different stakeholders and analysts typically arrive at different interpretations and draw different conclusions regarding the causal relationship between foreign policy and critical events such as a sudden disruption in the cross-border flow of energy, a price shock or the refusal of a foreign partner to cooperate in a new international energy project. The true motives of foreign governments often remain unknown, and even when a government actually attempts to make use of energy for foreign policy purposes, it does not necessarily publicize this. Conversely, a government may announce publicly that it aims to make use of energy as a foreign policy tool, whereas the real motives are of an unpolitical nature. Moreover, it is common that political, economic and other motives are combined or intersect, making it difficult to discern the foreign policy dimension in an energy project.

Analytically, it is often useful to think of an energy weapon as existing only insofar as it is believed to exist, and to place perception rather than objective reality at the centre. Whether or not Russian natural gas has

“actually” constituted an energy weapon, for example, the actors involved have been forced to take a position related to the weapon’s *perceived* existence. Importantly, Russia’s energy weapon, whether “real” or “imagined”, has thereby had a very concrete influence on system-building activities such as the dimensioning of Western Europe’s underground gas storage facilities, its efforts to build interconnecting pipelines with alternative gas suppliers and its overall ambitions to diversify supply. When the East-West gas trade started in the years around 1970, Western Europeans were highly suspicious of Moscow’s intentions, and all importers regarded politically motivated supply disruptions and aggressive price dumping as a real risk when negotiating with the Soviets and constructing the import infrastructure. Huge investments were made in technical facilities whose purpose was to reduce the adverse impact of unexpected Soviet moves. Whether or not the Soviet gas weapon “actually” existed, its socially constructed reality thus had a very tangible impact on the physical characteristics of the European gas system.<sup>34</sup>

The same goes for China’s perceived leverage in REEs, which, as we have seen, are critical to scaling up renewable energy systems. In autumn 2010, a Chinese trawler famously collided with several Japanese coast guard vessels near the disputed Senkaku Islands. The Japanese, shocked by the event, captured the Chinese trawler’s captain. The event triggered a diplomatic crisis between the governments of the two countries. Shortly afterwards, China announced that it was cutting its REE exports by 40%. World market prices skyrocketed, and Japan was the country most severely hit, since the lion’s share of China’s REE exports went there. Most Japanese and Western analysts interpreted this as a clear case of China using its “rare earths weapon” against Japan in the context of the imprisoned Chinese skipper and the territorial dispute. However, Beijing firmly rejected the accusation that it was trying to use REE exports to put political pressure on Japan. Instead, it referred to the rapidly growing domestic demand for REEs and the need to scale back production to protect the environment. The important point, however, is that, whether or not China actually wielded its REE weapon, the rest of the world perceived that it had, and foreign actors responded to these perceptions rather than to any objective reality. Hanna Vikström, an expert on the subject, notes that Japan, being alarmed by the affair,

began to stockpile rare earths and attempted to substitute other metals for rare earth elements, fearing what the future might bring. The government initiated discussions with Vietnam and Mongolia about new production facilities and supplies of these critical metals. Major industrial companies, such as Toyota and Hitachi, for their parts, attempted to eliminate the rare earths contained in their products. The government even began to study the potential for deep water mining of rare earths, seeing it as an unexplored frontier which they could control.

The US Department of Energy, in a similar vein, set out to create a “strategy to increase United States production, find substitute materials and use rare earths more efficiently”, and the Pentagon initiated a “complete study of the United States’ military dependency”.<sup>35</sup>

### Appropriation

Historically, foreign policy concerns have rarely constituted the *main* driving force behind energy’s internationalization. It is much more common that the main focus is on supply, economic and environmental issues. As a rule, the main visionaries and initiators of transnational energy projects are found within energy companies or at ministries with responsibility for the economy, industry, foreign trade, energy or environment. Foreign ministries, by contrast, are rarely in a position to come up with feasible visions for the creation of new cross-border oil or gas pipelines or electricity transmission lines, new tanker routes, hydropower plants situated on border-defining rivers or the like. Such projects depend on specialized knowledge and competencies that are only available elsewhere in the state administration and in the private sector. In cases where foreign ministries do come up with new visions, they are often ridiculed as unrealistic and naïve by energy experts.

However, once a vision has been presented by other actors, foreign ministries may take an interest in them, assessing them in terms of their likely impact in the foreign policy realm. If they evaluate the project positively, they may become enthusiastic supporters of the project in question and may in that context also contribute – sometimes decisively – to speeding up negotiations at company or government levels. A striking example is the Clinton administration’s enthusiasm for oil and gas in the Caspian region. In the immediate post-Soviet era, American interests here were spearheaded by the large American oil companies, with Chevron taking the lead. Chevron was already seeking business opportunities in Kazakhstan in 1990, when the republic was still part of the Soviet Union. Following Kazakhstan independence in 1991, Chevron forged a deal with Nursultan Nazarbayev’s government to exploit Kazakhstan’s oil resources, and subsequently initiated the formation of the Caspian Pipeline Consortium in order to move Kazakh oil to markets (through Russian territory). Exxon Mobil, ConocoPhillips and other American firms soon followed suit. Like Chevron, these actors were driven by their entrepreneurial spirit and the lure of profits. Over time, however, the rapidly growing business activities of the companies attracted the attention of Washington, which came to the conclusion that the presence of American companies in the Caspian oil industry could be used for foreign policy purposes. The Clinton administration judged that Chevron and the other companies could help to turn the region into “a bulwark against any future imperial Russian superpower”. By helping Kazakhstan and other Caspian nations to launch new energy projects, Clinton’s officials believed, “US firms could help generate fresh income for the struggling



young Caspian states – thus enabling them to escape the political and economic embrace of Moscow”. Against this background it is not surprising that Washington became extremely active in helping American oil companies in their attempts to build fruitful links with local politicians and state actors in the region.<sup>36</sup>

West Germany's Cold War imports of Soviet natural gas are another case in point. This project was championed by regional state and private actors in Bavaria and by the German steel industry, which hoped to sell large volumes of high-quality steel pipe to the Soviet Union in return for the imported fuel. The Federal Ministry of Economy was also involved at an early stage, as was Germany's dominant gas company, Ruhrgas. Once negotiations on a concrete deal began, however, the project captured the attention and imagination of Foreign Minister Willy Brandt, who knew nothing about natural gas, but was about to forge a new German foreign policy *à-vis* the communist countries, based on the concept of “change through rapprochement” (*Wandel durch Annäherung*). Brandt and his close advisor Egon Bahr concluded that the gas negotiations with the Soviet Union could become a powerful instrument in implementing the new policy. The East-West natural gas trade, although it was worked out by other private and state actors, was thus appropriated by the foreign-policy makers for their specific purposes.<sup>37</sup>

### Beyond state actors

Before we conclude this chapter, a few words should be said about actors other than national governments that seek to use international energy systems for political purposes. We have already seen how, for example, regional Bavarian actors mobilized transnational oil and gas pipelines in its political and economic struggle with northern Germany in the 1960s and 1970s, and how, more recently, the Bedouin of the Sinai Desert sabotaged Egyptian exports of natural gas to Israel in protest against ethnic discrimination on the part of the central Egyptian government. Separatist groups have also repeatedly made use of energy in their struggles, especially in Africa. In Ethiopia, for example, the Ogaden National Liberation Front in 2007 “overran a Chinese-operated oil field, killing nine Chinese oil workers and abducting six”.<sup>38</sup> And in Nigeria, the Movement for the Emancipation of the Niger Delta (MEND) has long wrought havoc on the large Western oil companies that are active in the area by destroying oil pipeline and pumping stations and kidnapping oil-industry employees; the underlying motivation here has been dissatisfaction with the massive environmental destruction caused by Shell and other Western companies, and the failure of the Nigerian government to make use of the country's oil wealth to eradicate poverty.<sup>39</sup>

Transnational terrorist organizations form another conspicuous actor category of relevance here. Although they do not represent any state interests,

they nevertheless typically pursue very outspoken foreign policies. Following the 9/11 terrorist attacks in the United States and the US-led military assaults on Afghanistan and Iraq, some analysts feared that Al-Qaeda might plan a major terrorist attack on key oil-system facilities in the Persian Gulf. The main goal of such an attack, they reasoned, would be to attain political ends such as the retreat of the United States from the Middle Eastern region.<sup>40</sup>

The pessimists have feared that jihadist uses of energy infrastructures is inevitable in view of the fact that the world's major Muslim populations – the main recruitment base for Islamist terrorist organizations – largely overlap geographically with the locations of the world's largest hydrocarbon reserves. However, some analysts argue that Al-Qaeda and other Islamist terror groups are not very interested in targeting energy systems, noting that “the petroleum-producing infrastructure of the Middle East offers little in the way of worthy symbolic targets”. On the fifth anniversary of the 9/11 attacks, Osama bin Laden's deputy, the Egyptian cleric Ayman al-Zawahiri, encouraged jihadists to commence attacks against the energy infrastructures of companies whose revenues went to the “the enemies of Islam”. But “despite the unsuccessful suicide car-bombings of some oil facilities in Yemen two days later, there has been a marked absence of such attacks throughout the Arab Muslim world”.<sup>41</sup> On the other hand, as suggested by Duane Chapman, even if the actual impact of terrorism on the Middle East's oil system in the early 2000s was negligible in the sense that it has not affected world energy markets, the few attacks that did occur – such as a May 2004 attack on a Saudi Arabian compound housing oil-company personnel – “have done much to compound the political uncertainty” created by the war in Iraq.<sup>42</sup> In this sense, oil terrorism can be said to actually have served the political ends of Al-Qaeda.

Needless to say, over the years, many terrorist and guerrilla groups have also made use of energy to *finance* their violence. Yet, the importance of energy and, in particular, oil as sources of revenue for such groups has probably been exaggerated in media reports. Keeping oil-production systems in operation is an immense technical and managerial challenge, and the rebels are not necessarily capable of dealing with this complexity. A recent study of oil extraction in the territories that ISIS came to occupy, for example, shows that production essentially ceased following the occupation.<sup>43</sup>

### Exercises

- Pick a country and try to discern how its government makes – or tries to make – use of energy for foreign policy purposes.
- Collect evidence and arguments that support the claim that the Russian government is using energy as a foreign policy tool. Then try to find counterarguments that point to Russian energy exports as being driven by business rather than politics. Critically estimate the trustworthiness

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of your sources. Discuss whether it is possible to come to a definite conclusion regarding the actual extent to which Russian energy exports are primarily shaped by political as opposed to economic factors.

- Identify at least one additional case where state actors appear to have appropriated economic or technical conflicts over international energy flows for foreign policy purposes.

## Notes

- Schrattenholzer et al., *Achieving a Sustainable Global Energy System*, 169; IAEA, *IAEA Tools and Methodologies for Energy System Planning*, 7; Storm van der Leeuwen, "Nuclear Power".
- Yergin, *The Prize*, 628f.; Duffield, *Fuels Paradise*, 205.
- Högselius, *Red Gas*.
- For example, "Australia's Proposed India Uranium Deal Given Cautious Green Light Despite 'Risks'", *The Guardian*, 8 September 2015.
- Smith Stegen, "Redrawing the Geopolitical Map", 89.
- Lilliestam and Ellenbeck, "Energy Security and Renewable Electricity Trade".
- "Crimea Officials Say Ukraine Has Cut Off Power Again", *Reuters*, 30 December 2015.
- Yergin, *The Prize*, 620.
- Quoted in Högselius, *Red Gas*, 67f.
- Hecht, "The Power of Nuclear Things", 22.
- "Oil Giant Exits Sudan", *BBC*, 31 October 2002.
- Yergin, *The Prize*, 572f.
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- "A More Assertive Ukraine Returns to Russian Natural Gas", *Stratfor Worldview*, 12 February 2018.
- For example, Cantoni, *Oil Exploration, Diplomacy and Security in the Early Cold War*, Chapter 5.
- Högselius et al., *Europe's Infrastructure Transition*, Chapter 2.
- Högselius, "The Saudi Arabia of the Far East".
- Mares and Martin, "Regional Energy Integration in Latin America".
- Klare, *Rising Powers, Shrinking Planet*, 127.
- For this discussion see further Stent, *From Embargo to Ostpolitik*; Högselius, *Red Gas*; Cantoni, *Oil Exploration, Diplomacy and Security in the Early Cold War*.
- See, for example, Öhman, "Taming Exotic Beauties".
- Yergin, *The Prize*, 412.
- Högselius, *Red Gas*.
- Klare, *Rising Powers, Shrinking Planet*, 125, quoting a New York Times interview. The "Caspian" pipeline goes from Baku via Tbilisi to Ceyhan on Turkey's Mediterranean coast.
- Cioc, *The Rhine*, 67.
- Fitzmaurice, *Damming the Danube*.
- Avango et al., "Swedish Explorers, In-situ Knowledge and Resource-based Business in the Age of Empire".
- Klare, *Rising Powers, Shrinking Planet*, 1–8.
- See Gazprom's website, [www.gazprom.com](http://www.gazprom.com).
- Högselius and Kaijser, *När folkhemselen blev internationell*, Chapter 6.
- Högselius, *Red Gas*, 187.

- "Algerian LNG Cutoff (to US) not Tied to Arab Embargo", *Oil and Gas Journal*, 26 November 1973; "Algeria May Renegotiate LNG Pacts", *Oil and Gas Journal*, 17 December 1973.

33 Högselius, *Red Gas*, 207f.

34 *Ibid.*

35 Vikström, "Specter of Scarcity", 1f.

36 Klare, *Rising Powers, Shrinking Planet*, 123.

37 Högselius, *Red Gas*, Chapter 7.

38 Klare, *Rising Powers, Shrinking Planet*, 170.

39 For example, Klare, *Rising Powers, Shrinking Planet*, 154–156.

40 Haynes, "Al-Qaeda, Oil Dependence, and US Foreign Policy", 62.

41 *Ibid.*, 69–70.

42 Chapman, "Gulf Oil and International Security", 82.

43 Do et al., "Terrorism, Geopolitics, and Oil Security".

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## 7 Energy transnationalism

### The Saint-Simonian imperative

The idea that energy can be used as a foreign policy tool is usually discussed in the context of sinister threats, hawkish power struggles, violence and evil. From this perspective, energy's political utility is that it can force actors in another country to do something they would not have done on a voluntary basis. Energy then becomes a metaphorical "weapon", and the international energy arena a battle field. This is the "hard" use of energy in geopolitical affairs.

But actors also use energy as a "soft" foreign policy tool, mobilizing it for the purpose of strengthening international cooperation, fostering global political stability and economic prosperity. This phenomenon, which may be referred to as "energy transnationalism", draws on a well-established philosophical tradition. In connection with the Congress of Vienna (1814–1815), at which a new European peace order was negotiated in the aftermath of the Revolutionary and Napoleonic Wars, the French philosopher Claude Henri de Saint-Simon pointed to transnational infrastructures as important means for creating interdependencies between countries, in a way that would make future wars virtually impossible. This powerful vision has since reappeared in many forms. Today, the Saint-Simonian imperative – the idea that energy, natural resources and infrastructures can and must be mobilized to forge a peaceful world order, based on political unity and harmony – is omnipresent.<sup>1</sup>

As we will see in this chapter, there has been intense interaction between "hard" and "soft" uses of energy as a foreign policy tool, between energy as a "weapon" and the Saint-Simonian imperative. In fact, what from one angle appears to be an energy weapon might, from another angle, instead seem like an attempt to foster international cooperation. For example, are Russia's exports of natural gas to Western Europe a case of "hard" energy geopolitics, with the latent threat of politically motivated supply disruptions as the main feature? Or does the intricate pipeline infrastructure that materially connects East and West – and which Russian and European engineers built in close cooperation with each other – rather reflect a "soft"