

European Energy Security Co-operation: Between Amity and Enmity*

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Abstract

Through an application of Regional Security Complex Theory and empirical examination, this article explores the pros and cons of regional and inter-regional energy co-operation. In spite of present unilateral and bilateral manoeuvres on the part of EU Member States to the contrary, a common energy security policy appears feasible over the next five to ten years. However, EU–Russian co-operation in the energy sector is not likely to improve considerably over this period, and EU attempts to counterbalance the dominant and growing position that Russia has occupied in the supply of gas to EU countries by seeking alternative energy supply from central Asia are likely to be thwarted by countervailing Russian measures.

Introduction

Energy security and regional security have become important features in international relations. While access to, and provision of, energy sources represent rising security concerns for countries like China and Japan, it is chiefly within Europe and Eurasia, however, that energy security interacts with regional security considerations.¹ The EU, while being an important regional

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¹ For a detailed account on the link between energy and security see Meier-Walser (2007).

actor, crucially lacks a common energy policy to include EU regulatory aspects on competition, standards, and imports and exports of energy. This weakness, in policy terms, is further exposed by the EU's growing energy dependence on Russian natural gas and exacerbated by the Russia–Ukraine gas stand-off in 2006 and 2009, which arguably elevated energy security to a geopolitical concern. In order to combat this challenging external situation, this article contends that the EU has recognized the importance of an internal dimension to EU energy policy (Feklyunina, 2008, p. 138; Haghighi, 2007, p. 7; Natorski and Herranz-Surrallés, 2008, p. 72), emphasizing that a truly internal energy market is a prerequisite for a common external energy policy (Youngs, 2007, p. 4; Commission, 2006). Overall it will be argued that a common EU energy policy is likely to occur in the foreseeable future.

In order to assess energy relations both within the EU (internal) and between the EU and Russia (external), Regional Security Complex Theory (RSCT), as put forward by Buzan and Waever (2003), and expanded by Oskanian (2008), will be chosen as the vehicle for analysis in this article. RSCT provides a framework for organizing empirical studies of regional security and systematic guidance in the study of the relations between units in the region, relations between regions and the interplay of regional dynamics with globally acting powers. Through its security discourse, especially the concepts of amity and enmity, RSCT helps to assess the extent to which EU states consider the sensitivities and vulnerabilities associated with Russian gas supply as a threat to their security, and the extent to which EU–Russian energy relations involve either conflicting or co-operative patterns of behaviour.

In line with the RSCT application, four empirical themes, which can be seen as future scenarios related to energy security in intra-regional (Europe) and inter-regional contexts – especially Europe and Russia – will be explored.² These arguments or scenarios will be posed as two pairs of potentially divergent developments. The initial scenario of the first pair will suggest that diverse interests and dependencies by EU Member States on imported energy supplies will prevent the emergence of a common EU energy policy for the foreseeable future. The second part of this scenario will demonstrate how different national import strategies and ties, especially Russian gas, will exacerbate EU dependence on outside energy supplies and therefore promote the establishment of a common EU energy policy in the foreseeable future.

Moving on to the second pairing, it will be postulated that successful diversification efforts by EU Member States in securing energy sources,

² Although the focus in this article will be on EU–Russian energy co-operation, where relevant, such as on issues of energy diversification, attention will be given to energy supplies from central Asia, the Caucasus, and the Middle East and north Africa.

especially natural gas, will reduce asymmetric ties with Russia as an energy supplier and will, in turn, promote energy co-operation between the EU and Russia. Finally, for the purposes of this article, the opposite scenario will be assumed, where diversification efforts by the EU states in securing energy sources from countries in the Caucasus and central Asia or Iran will urge Russia to increase its influence in these countries and thus hamper EU efforts in the same territories, as well as impede EU co-operation with Russia. The empirical investigation will be based on official documents released by EU institutions, the International Energy Agency (IEA), the Energy Information Administration (EIA) and British Petroleum (BP). Furthermore, interviews were carried out with representatives from different institutions.³

The next section will begin with an examination of the issue of energy resources and contextualise the EU–Russia energy dynamic. We then proceed with a comprehensive definition of energy security and use this as a platform for evaluating RSCT as an appropriate vehicle for analysing this phenomenon. Following this will be an examination of the four empirical themes. In the final part of the article, the empirical evidence will be assessed in light of the four arguments or scenarios within the RSCT framework.

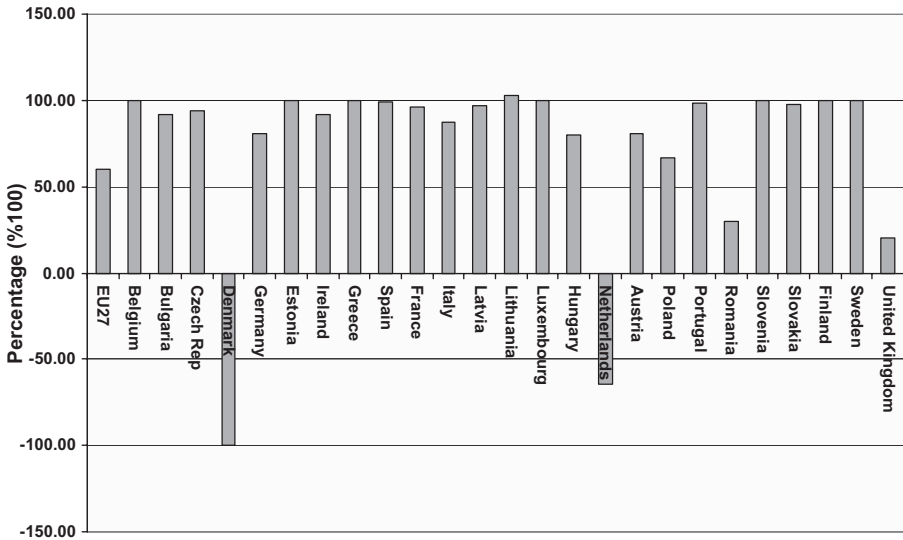
I. Energy Supply and RSCT

Accessing energy sources has become increasingly competitive due, *inter alia*, to the rising number of energy consumers worldwide. This has been exacerbated by countries such as China and India who, having recently industrialized, have dramatically increased their energy requirements. In terms of the EU, the dependency on imported energy, particularly natural gas, is ever growing and will increase in the foreseeable future (see Figure 1). Introducing new technologies, such as nuclear, clean coal and renewables, is still a slow process due to their costs, competitiveness and the length of time it will take for their development to meet growing energy demands. Due to the uneven endowment of natural resources, this article argues that the EU will continue to rely on imported energy sources, such as Russian gas.

The EU-27 Member States' dependence on Russian natural gas imports was 55 per cent in 2008 (see Figure 2). In terms of actual EU consumption

³ A number of interviews were carried out with representatives relevant to energy security. These involved officials from the European Commission and the IEA; representatives of the Russian Delegation to the EU, an official from the Energy Charter Secretariat, and an official from the Nabucco Pipeline Company. All of the interviewees requested anonymity. In accordance with the preservation of confidentiality, no direct quotes or references to specific individual interviewees will be made in the article.

Figure 1: Natural Gas Import Dependencies of Member States in 2007



Source: Data are compiled from Eurostat's webpages, available at <<http://ec.europa.eu/eurostat>>.

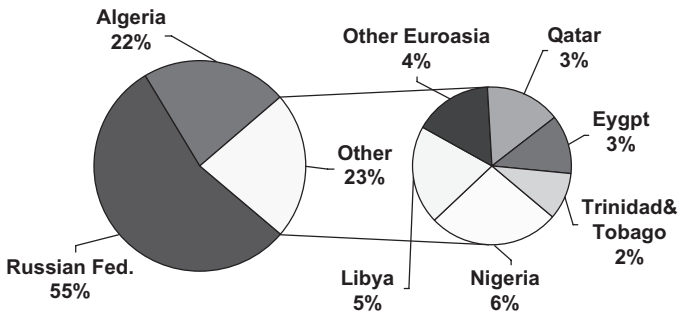
Notes: Imports include Member State to Member State gas trade. Import dependency = net imports/gross inland consumption.

Negative numbers indicate that the country is a net exporter. Values over 100 per cent are possible due to changes in stocks.

of natural gas in 2008, Russia accounts for 26 per cent, indigenous production 55 per cent and others 19 per cent (see Figure 3). Although Russia's share has slightly decreased due to the Liquefied Natural Gas (LNG) trade from the Middle East and north Africa (MENA) area, EU dependence on Russian gas will probably continue due to depletion of EU Member States' indigenous sources. The effects of diversification through the development of LNG have been offset by the growing gas demand (due to the replacement of coal combustion power plants by more environmentally friendly gas combustion plants), the depletion of North Sea gas sources⁴ and the addition of eastern European countries into the EU. New pipeline projects (North Stream, South Stream and Blue Stream II) will further increase this dependence as Russia aims to service the EU with gas and through transit countries, such as Ukraine. This heavy reliance on a single supplier undoubtedly augments asymmetric relationships (Hughes, 2006). As Nye puts it, 'manipulating the asymmetries of interdependence can be a source of

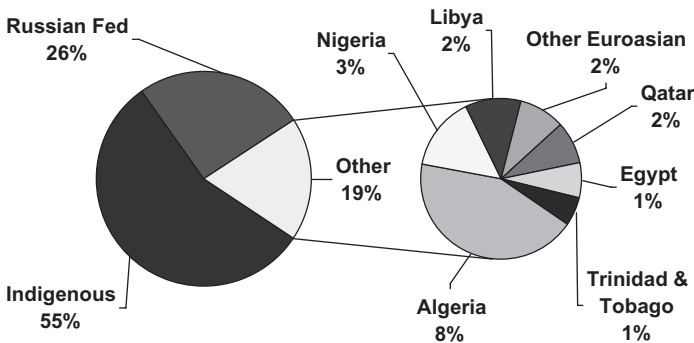
⁴ Except for Denmark and the Netherlands, the remaining Member States depend to varying degrees on imported natural gas. For instance, the UK has recently become a net gas importer (see Figure 1).

Figure 2: EU-27 Natural Gas Imports by Origin 2008



Source: Data are compiled from BP 'Statistical Review of World Energy', June 2009, p. 30.
 Note: Imports from Norway are counted as an indigenous gas source.

Figure 3: Components of EU-27 Natural Gas Supply 2008



Source: Data are compiled from BP 'Statistical Review of World Energy', June 2009, pp. 27–30.
 Note: Imports from Norway are counted as an indigenous gas source.

power in international politics' (Nye, 2005, p. 202). There have already been instances, such as the halting of gas supply to the Ukraine in 2006 and January 2009, where Russia has given the appearance of manipulating the asymmetries of interdependence.⁵ The possibility of Russia enacting such control is enhanced by the fact that Gazprom, the state-owned Russian gas giant, owns over 90 per cent of the country's reserves and exercises a virtual monopoly over the ownership, production, processing and transportation of the country's gas.

Furthermore, the reliance of gas supply on fixed networks of transportation (primarily pipeline networks) makes it more rigid *vis-à-vis* oil and

⁵ However, it must be said that the Ukraine plays an intermediary role in the apparent manipulations.

coal which are unaffected by such transportation constraints (Cameron, 2007, p. 21). Dependence on a single supplier thus turns the pipeline into an umbilical cord, raising concerns about the disruption of energy supply flow to consumers (taking into account its probable consequence for economic prosperity and political security).

Having established how the EU meets its current energy demand – and the associated perils in the single supplier relationship – it is now crucial to examine the concept of energy security within the EU. Although subject to growing concerns at national, regional and international level, energy security is a complex term which includes a range of economic, legal, political, military, technical and foreign policy determinants. For this reason it has been challenging to define (Riley, 2007). Indeed as Natorski and Herranz-Surrallés suggest, ‘energy is a particularly elusive policy domain, since it can theoretically be framed in almost all the sectors identified in securitization studies, political, economic and environmental’ (Natorski and Herranz-Surrallés, 2008, p. 71). Furthermore, Riley (2007, p. 4) sees EU energy security as a referent object, and deems the virtual single supplier dependence on Russian gas to be an essential threat to the EU. This perception indicates that the issue of energy has become securitized and invokes the RSCT suggestion that, when an economic issue becomes securitized, it is either at the expense of a military threat, or actually interacts with and draws energy from it (Buzan and Waever, 2003, p. 76). In terms of defining energy security, while Haghighi’s (2007, p. 15) commonly accepted, practical and simple definition of this concept is known to be *the adequacy of energy supply at a reasonable price*,⁶ this article stresses the various constituent parts of energy security and provides a more comprehensive definition. Energy security is defined by the authors as the availability of energy in various forms, in sufficient quantity and at affordable prices, delivered in an environmentally friendly, sustainable manner which is also free from serious risk of major disruption of service.

The above definition of energy security therefore outlines the EU’s perspective of establishing ‘security of energy supply’, yet we must also recognize that energy has implications for Russia as a producer of gas. From Russia’s perspective, energy security denotes a quest for a market for their energy exports which correlates to increased (government) revenues; in other words, Russia seeks a ‘security of demand’ in energy relations. It is precisely these divergent opinions of what constitutes energy security – from both the EU and Russia – which has led to a decline in their relationship; the EU engaging in Nabucco for ‘security of supply’ motivations and the Russians devising North and South Stream for ‘security of demand’ aspirations. As

⁶ This definition, together with environmental concerns, is adopted by the EU (Commission, 2000).

Feklyunina (2008, p. 139) suggests, for Russia, 'EU diversification projects are considered to be politically motivated, anti-Russian and not based on purely economic matters'. At the heart of this, however, is a 'Security Dilemma' between the EU and Russia, where 'the actions of one [the EU], in trying to increase its security, causes a reaction in the second [Russia], which in the end, decreases the security of the first' (Collins, 2007, p. 174). This creates perceptions of threat and a 'spiral of insecurities' (Collins, 2007, p. 175) which has potentially grave consequences for EU relations with the Caucasus and central Asia, as Russia holds such strong economic and political influence in the region.

We have now contextualized the EU–Russia relationship and established the challenge of energy security for both parties. However, in order to explore the prospect of an EU common energy policy, RSCT provides an appropriate framework for analysis. In the following section the relevance of RSCT, and its key concept of RSC, will be outlined.

Geographical proximity, according to Buzan and Waever (2003, p. 45), engenders 'more security interactions among neighbours than among states located in different areas'. Thus emergent security interdependence cements a set of units in a particular region and differentiates them from surrounding security regions. As such, an RSC is defined by Buzan *et al.* (1998, p. 201) as a set of units whose major processes of securitization, de-securitization, or both, are so interlinked that their security problems cannot reasonably be analysed or resolved separately. Moreover Buzan and Waever (2003, p. 45) see an RSC as durable patterns of amity and enmity taking the form of sub-global, geographically coherent patterns of security interdependence.

The RSC analysis of security dynamics is carried out on four levels: domestic (the states of a region and their domestically generated vulnerabilities), regional (state-to-state relations), inter-regional (the region's interaction with neighbouring regions) and global (the role of global powers in the region) (Buzan and Waever, 2003, p. 51). Continuity and change in internal structures and external boundaries of an RSC can be monitored by checking the essential structure (boundary, anarchic structure, polarity and the patterns of amity and enmity) of an RSC (Buzan and Waever, 2003, p. 53). Outcomes of an assessment of any RSC are a limited set of possible scenarios: (1) maintenance of the status quo; (2) internal transformation; and (3) external transformation (Buzan and Waever, 2003, p. 53).

Although RSCT appears to have a realist outlook, due to its emphasis on territoriality, it also accommodates constructivist perspectives. The constructivist impact shows itself in the pivotal role of patterns of amity-enmity in the formation and operation of an RSC (Buzan and Waever, 2003, p. 40). The particular factors that determine security interdependence within an RSC

will also affect its location on the amity–enmity spectrum – internal character varies from conflict formation (security interdependence between units is engendered by fears, mutual perceptions of threat) through to security regime (security interdependence is still shaped by fears but they are restrained by reassurance arrangements) to security community (units no longer see each other as a threat and there is no expectation of future armed conflict between them) (Buzan and Waever, 2003, pp. 65, 491; Buzan, 2003, p. 142).

Expanding on this three-tiered characterization, Oskanian introduces two subdivisions under each category in order to strengthen the relevance of the concept of amity and enmity in state security interactions and to attempt a more appropriate placement of a given RSC in the respective categories of conflict formation, security regimes and security communities. He elaborates on the objectivist and subjectivist perspectives of RSCT, with the former exploring whether states display co-operative or competitive behaviour in their security interactions, and the latter whether states perceive each other in amicable or inimical terms. In a further innovation, Oskanian differentiates between argumentative (subjectivist leaning) and instrumental (objectivist link) security discourses.

In particular, separating what is ‘real’ (objectivist) and what is a matter of ‘feeling’ (subjectivist) is relevant in EU–Russian energy relations, where the latter seems to play a prominent role. This became particularly apparent in the January 2009 Russia–Ukraine gas supply dispute in which, as suggested by Newman (2009), ‘apart from a few countries in eastern Europe having their gas supply disrupted most of Europe remained unaffected’. Yet, feelings of a threatening nature were expressed by both EU and Russian sources.⁷ Unlike in 2006, reactions to the January 2009 gas supply disruptions were also influenced by the fallout of the Georgia–Russia conflict (2008), and by the severity of the impact on the newest EU states. Thus, helpful guidelines can be drawn from Oskanian’s conceptualization of amity and enmity, and from RSCT, in at least two ways. Firstly, it helps to assess the extent to which EU Member States perceive energy supply – particularly the supply of Russian gas – to be a security concern or threat, and therefore one where attempts are made at a uniform response. Given that the EU is seen as a security community (Buzan and Waever, 2003, p. 56), with amicable state interaction patterns, does this description extend to the field of energy? Secondly, it is beneficial for assessing EU–Russian relations by establishing whether energy

⁷ For example, the media portrayed the gas supply interruptions as Russia’s inclination to use the supply of gas as ‘a political weapon [. . .] [and had] triggered fears of an energy cold war’ (Macalister and Gow, 2008), and Barroso stated that ‘Europeans were held hostage to this dispute’ (Barroso, 2009). In turn, Putin announced that Russia would reconsider gas earmarked for Europe from Shtokman gas field to be diverted to US markets (Champion and Osborn, 2009).

co-operation is characteristic of conflict formation, manifesting inimical inter-regional behavioural patterns, or whether it is approaching behavioural patterns in line with security regimes.

Before turning to the empirical part of the article, a qualification of the unit of analysis is in order, due to the adopted focus on European energy security. We define the European RSC as the EU and the states with candidate status (Croatia and Turkey in 2008), and western Balkan countries that are in a trajectory for candidate status. Moreover, given both their respective geographical locations and interlocked relations (joining the Schengen Treaty, being part of the European Economic Area and, with the exception of Switzerland, being members of Nato) and their interconnections (highways, electricity transmission grids and so forth), non-EU members, Norway, Switzerland and Iceland can be thought of as members of this RSC.

Having presented and explored the key features of RSCT and the empirical context, we will now turn to the prospect for intra- (EU) and inter-regional (especially EU–Russian) energy security co-operation.

II. A Common EU Energy Policy is Less Likely

As discussed earlier, an RSC can be in the form of conflict formations, security regimes and a security community according to where they stand on the amity–enmity spectrum (Buzan and Waever, 2003). Actors in a security community, which the EU resembles, do not see each other as threats, i.e., they de-securitize each other. Therefore one should expect that the actors of the EU would take a common stance against threats which target its peaceful existence (Buzan *et al.*, 1998). So, how does this apply to energy security?

Not only is the EU dependent on imported Russian natural gas, it is also confronted by Russian efforts to affect the energy distribution channels in Europe. Examples of the latter range from Gazprom's agreement with the Austrian gas company OMV to take a 50 per cent stake in a strategic gas trading hub in Baumgarten, up to its acquisition of Serbia's oil and gas monopoly (MacDonald and Buckley, 2008).

But while these dependencies prevail, countermeasures, especially through EU collective action, are hampered by existing obstacles. Three appear particularly cumbersome. Firstly, the asymmetry in the Member States' structural energy sector parameters, i.e., national preferences over their energy mixes, based on their differing use of energy sources, makes EU involvement in this area of decision-making challenging. Some Member States (for example, France, the UK and Finland) prefer nuclear energy but some (for example, Austria, Greece and Denmark) do not. Secondly, some of the Member States,

especially in central and eastern Europe, support a common policy due to feelings of 'Russophobia', while others, such as the Netherlands and the UK, desire greater unity due to the imminent depletion of their own indigenous resources and the problems relating to their energy companies (BP and Shell) in Russia. However, some big Member States, such as France, Germany and Italy, are not eager to pool sovereignty within the EU because they see their market size as a shield against any threat posed by dependency.

They therefore favour their national gas and electricity enterprises to offset the negotiation power of suppliers (Roller *et al.*, 2007). In any case, national energy companies have long-term agreements with Gazprom for the supply of gas such as Gaz de France (2030), Ruhrgas (2035) and ENI (2035).⁸ Third, although gas and electricity markets have recently been deregulated, there are still problems in these markets due to the insufficient interconnection between national markets, an issue acknowledged by the European Commission (2007b), which delays the creation of single EU electricity and gas markets. Interconnectedness is the key factor for the creation of interdependence between a set of actors, as increasing interconnectedness turns energy issues from national security concerns into collective security concerns. The absence of interconnection isolates Member States, leading them to view energy issues in terms of their own national security. This perspective can be seen in cases such as Spain's negative attitude towards the German EON bid for its largest natural gas provider, Spanish Gas Natural. Similarly, France displayed a negative attitude regarding the Italian ENEL's bid for its leading electricity company GDF Suez.

So, there are reasonably strong indications that a common EU energy policy is unlikely to emerge in the foreseeable future and that collective action, as expected by the RSCT, will not take place. Yet before reaching a conclusive assessment on this, it is important to consider counter developments, both within the EU (for example, competition and environmental policies) and outside the EU (EU energy diversification efforts).

III. The Likely Establishment of a Common Energy Policy

According to Buzan *et al.* (1998, p. 199), the broadened security agenda of the post-cold war era has made it possible for there to be greater security interdependence at the regional level to deal with external 'systematic pressure'. In other words, an external threat, such as climate change or energy security, may unite the units of a region to take collective action to confront these challenges, thereby generating increased security interdependence between these units

⁸ See «www.gazprom.com/eng/articles/article20160.shtml».

(Buzan *et al.*, 1998, p. 199). While energy security concerns have not yet been translated into enhanced security interdependence among the Member States, the EU has powers as well as policies that promote energy security interdependence and the establishment of a common EU energy policy. Existing powers enable the EU to affect the establishment of a common EU energy policy directly, while policies such as EU competition policy or EU environmental policy complement or indirectly help to shape a common EU energy policy. The following section will briefly deal with these issues.

There are long-standing, though not necessarily cumulative or effective, direct EU measures to expedite a common EU energy policy, with some dating back to the European Coal and Steel Community Treaty and the Euratom Treaty, which deals with nuclear energy (Barnes, 2008). One of the Euratom provisions stipulates that Member States cannot buy more than 20 per cent of their uranium from a single non-EU supplier. The deep-seated shock of the 1973 oil crisis had presented the EU with an opportunity to create a common energy policy since there was an external threat of energy security (Matlary, 1997). Yet Member States opted for individual solutions to energy security; some (France, Belgium) chose nuclear energy, some diversified suppliers from OPEC to non-OPEC, and some (for example, the UK and the Netherlands) invested in the production of indigenous energy resources (North Sea oil and gas). These fractious actions have seemingly run their course, at least to a considerable extent, with the depletion of indigenous oil and gas reserves in the North Sea, the increasing dependence on Russian gas supply, and growing concerns about climate change and limited alternatives (investment into renewable energy sources, energy saving etc.). In addition, there is now greater competition to access energy sources from the newly emergent industrial states (China and India). These pressing concerns are reflected in the Lisbon Treaty which makes specific reference to solidarity between Member States in times of difficulty in the supply of energy. These newly found measures would effectively complement existing EU measures in competition policy. As McGowan (2008) points out, EU pursuits of market liberalization in EU energy have taken place over the past 20 years. These liberalization efforts seek to encourage competition and market access on the one hand and to limit the scope for unfair discrimination or subsidies and the abuse of market power on the other. Some Member States have urged the European Commission to take the necessary measures for the full separation of network ownership from service delivery (i.e., unbundling) because they fear that the existence of 'free-riders' in the energy market will distort competition. In turn, the European Commission has warned the Member States to carry out mandates of the liberalization directives.

As with EU competition policy, EU environmental policy plays a supportive role in the forging of EU energy governance. EU commitment to the Kyoto Protocol, its own environmental policies and its current actions to combat climate change mirror the role of environmental concerns in the creation of security interdependence between Europeans. Given the interwoven relationship between environmental protection and energy consumption, environment policy has had a strong influence on the energy sector. This feature of environment policy provides the EU with a valuable opportunity to challenge Member States' traditional sovereignty in deciding their energy arrangements. In this respect, the EU has attempted to galvanize Member States to take collective action against the growing challenge of energy dependence as it is linked to environmental policy. Issues concerning renewable energy use are especially relevant in this regard as an increase in the share of renewable energy results simultaneously in reducing identical amounts of exogenous energy sources. To this end the European Council fixed 'a binding target of a 20 per cent share of renewable energies in the overall EU energy consumption by 2020' (European Council, 2007, p. 21). The EU's competence in the energy field is therefore expanding (albeit indirectly).

Moreover, the EU has taken measures to increase the potential for gas storage capacity and interconnectedness within Europe. A central factor increasing the chances for interdependence is the decision (1364/2006/EC) of the European Parliament and the Council of 6 September 2006 to support and give priority to trans-European energy network projects within the region (for example, the Power-Link between Germany, Poland and Lithuania; connections – that is cables – to offshore wind power in northern Europe; electricity interconnections between France and Spain; and the Nabucco pipeline, transporting gas from the Caspian to central Europe). Thereafter, the Commission (Commission 2007a, 2007b, 2008) has proposed key actions for the integration of European power grids, such as appointing four European co-ordinators to pursue the aforementioned four most important priority projects and encouraging the European banks (EIB and EBRD) to give funding priority to energy interconnections.

What, then, can be said with regard to the likelihood of a common EU energy policy in the foreseeable future? Two factors enhance the possibility of such a policy. One is the negative fallout associated with the Russia–Georgia conflict which has exacerbated concerns over whether Russia is a reliable energy supplier and has heightened anti-Russian feelings within the EU, especially among countries such as Poland and the Baltic states. It has also increased pressures for alternative energy sources for the diversification of energy suppliers and for sharing energy supplies in terms of cuts by, for

example, Russia. The other factor is the measures taken by the EU to promote the establishment of a common EU energy policy either directly (for example, by treaties) or indirectly through competition and environmental policies. It is interesting to note that a majority of Europeans support EU-level solutions to energy related issues (Eurobarometer, 2006). Thus, there are indications that the perceived dependencies on Russian gas and associated vulnerabilities over Russian gas supply have propelled EU states, and especially EU institutions, into more concerted action in energy and, in turn, have extended the sense of security community within the EU to the field of energy policy. Part of this concerted action will be to approximate provisions of the EU's internal market programme and to introduce EU regulatory aspects on competition, standards, and imports and exports of energy. Consequently, a common EU energy policy is now more likely in the foreseeable future than it has been hitherto. However, the establishment of such a policy will also depend on successful EU efforts to diversify its energy supply routes and to improve co-operation with Russia on energy issues. It is these issues which will be discussed now.

IV. The Likelihood of EU Diversification Efforts and Co-operation between the EU and Russia

RSCT provides three possible scenarios for continuity and change in the internal structures and external boundaries of the RSC. In the first scenario, *Maintenance of the status quo*, there are no significant changes in its essential structure. In the second scenario, *Internal Transformation*, there are changes in the essential structure of an RSC without any change to its existing outer boundary, because of changes in the anarchic structure (for example, regional integration) or because of changes in polarity (for example, disintegration) or due to changes in the dominant patterns of amity/enmity (for example, ideological shifts, war-weariness, changes of leadership) (Buzan and Waever, 2003, p. 53). In the last scenario, *External Transformation*, there are changes in the outer boundary which either expands or contracts due to a merger between two RSCs, or because of an RSC split into two or more, or because of changes in the membership of the RSC (Buzan and Waever, 2003, p. 53).

Since an RSC is generated from the security interaction between a set of units and their security indifference to surrounding units, security interdependence between RSCs is, by definition, not as strong as it is in an RSC itself. For this reason, interaction at the inter-regional level is weaker than that found at the regional level (Waever and Buzan, 2000, p. 66). But this does not mean there is no security interaction between regions. Instead,

security interactions between regions stem from new security sectors in the economic (for example, energy security), environmental (for example, climate change) and social (for example, immigration) spheres (Waever and Buzan, 2000, p. 66). At the intra-regional level these new security sectors strengthen an existing RSC by pipeline or water sharing issues. Consequently, the outer boundary of an RSC changes (either expands or contracts) through either conflict or co-operation (Buzan and Waever, 2003, note 1).

EU–Russia energy relations are asymmetric. This asymmetry is mirrored in both supplier and consumer security concerns. While energy security is of importance to the EU, Russia, as noted in its energy strategy, adopts ‘energy’ as a foreign policy tool to regulate its political relations with its surroundings and control its periphery (Stern, 2006, p. 4). The EU therefore tries to create a level playing field in order to depoliticize the free energy trade by an Energy Charter Treaty (ECT); accordingly, it has urged Russia to engage in a co-operative political dialogue over the last decade. Russia, for its part, has demanded that the EU lifts restrictions under which EU Member States are prevented from buying more than 20 per cent of uranium from a single non-EU supplier; Russia has put this issue on the agenda due to the heavy dependence of EU eastern Member States on Russian supply. However, given the seeming inability of the EU to force the issues on the ETC or to successfully trade off one issue against the other, the situation of EU dependence on Russian natural gas continues, unless and until the EU finds alternative suppliers. One such EU attempt is the Nabucco pipeline project, in which Turkey will act as a hub to allow gas from the Caspian Sea (possibly Iran) to be brought to Europe via a BTE pipeline. In a demonstration of political support for the project, the Nabucco transit countries, Austria, Hungary, Romania, Bulgaria and Turkey signed an intergovernmental agreement on 20 June 2009 in Ankara. Consequently, this project could have a dramatic effect in reducing Europe’s dependence on Russia for its gas supplies. Currently, Turkmenistan supplies Russia with a quarter of its gas. For this reason, European attempts to diversify its supply, by importing energy sources from central Asia via new pipeline routes, would automatically decrease the EU’s reliance on Russia for its gas supplies. If this were to be successful it could induce Russia to co-operate more with the EU. Clearly, this will not be an easy undertaking, as Russia is determined to maintain, if not expand, its current strategic position in the Caucasus and central Asia.

Another potential way of reducing dependence on Russia is via the LNG trade. In this respect, LNG provides ample opportunity for diversification from a number of suppliers. It is not a one-to-one trade as with the pipeline, and allows for greater flexibility, by contributing, for example, to liberal gas markets as it provides gas from a range of different suppliers. Given its

contribution to the establishment of the liberal gas markets, LNG has a tangible impact on the prospect of a common energy policy in the EU.

However, the LNG trade has encountered some difficulties in that it is an expensive investment. The liquefaction process is much more expensive than re-gasification, and such a process requires the use of a tanker fleet too large for Europe to compete effectively with trade from pipelines.⁹ Between 1996 and 2006, the LNG trade has taken roughly 2 per cent of Russia's total share of the EU gas supply (BP, 2007). Nevertheless, according to some projections, Middle Eastern countries will increase their share to the EU (Biorol, 2006). However, the expansion of their LNG production capacity may contribute to the EU's diversification efforts, thereby creating a more competitive natural gas market. This development may result in three scenarios: (1) Russia may want to ratify the ECT to take advantage of securing its energy supply, thereby gaining precedence over their Middle Eastern and north African (MENA) competitors; (2) Russia may invest in the LNG market and co-operate with their Middle Eastern counterparts to form a gas cartel to take advantage of the emergent gas market; or (3) Russia may strengthen its influence in north Africa by co-operating with north African counterparts. To this end, Russia has made deals in 2008 with Algeria and Libya (Buckley, 2008). There is also considerable interest by both Russia and the EU in securing access or control of supply of Nigerian natural gas. Both Russia and the EU have offered financial backing for a €15 billion trans-Saharan pipeline (4,300 kilometres in length) to pump gas directly to Europe (Green and Wallis, 2008).

With regard to the possible formation of a gas cartel, a forum for the gas exporting countries already exists informally to increase the level of co-ordination, and strengthen collaboration between the world's leading gas producing countries, but it is far from being an organization like OPEC. On the other hand, if the LNG trade becomes more widespread, it may pave the way for a global gas market, which could drive major gas producers to create gas cartels to take advantage of price fixing. Given current pipeline investments and long-term contracts, a global gas market remains doubtful. Consequently, diversification methods will work in gas markets as long as geopolitics permits.

Thus there is some cautious optimism that successful diversification efforts by the EU states in securing energy sources (natural gas) will reduce asymmetric ties with Russia as an energy supplier in the foreseeable future. However, the prospects for increasing co-operation between the EU and Russia appear less likely, at least for the time being. Given the negative fallout of the Russia–Georgia conflict, the opposite might be the case.

⁹ Interview with an Energy Charter Secretary Official.

V. The Likelihood of Unsuccessful EU Diversification Efforts and Co-operation between the EU and Russia

As the LNG trade will take time to become a credible alternative energy supplier to Russian natural gas, Russia will, in all likelihood, use the interim period to reap maximum benefit from its natural gas trade with the EU and stifle EU attempts to access natural gas from central Asia. The latter is in line with Buzan and Waeber's argument that 'the main prize in the geopolitics of central Asia and the Caucasus for Russia is control of the transportation of oil and gas' (Buzan and Waeber, 2003, p. 422). This aim is explicitly expressed in the Russian Energy Strategy for the period up to 2020, and is associated with Russian efforts to act as a peacekeeper, which can be seen as a means of maintaining a military presence in these regions (O'Hara, 2005, p. 149). The strongest manifestation of the importance Russia attaches to the control of oil and gas routes, as well as its resistance to further Nato encroachment, was the stand it took over South Ossetia and Abkhazia in August 2008. The latter skirmish has not only raised fears in the newly found independent states in the Caucasus and central Asia, it has also affected EU attempts to use Azerbaijan and Georgia as an energy supply corridor (Gorst, 2008).

Although central Asian countries have huge hydrocarbon reserves by virtue of their geopolitical situation, they have thus far been unable to take full advantage of their natural resource, in part due to their landlocked nature. They have three different outlets to export their energy sources to western energy markets: (1) via Russia, (2) via the Caspian Sea, (3) via Iran. Of these three options, the last two options are politically unsustainable. Iran's political future is ambiguous because of its nuclear programme and the continued enmity between Iran and the US.¹⁰ Since there are already UN sanctions and national sanctions such as the US Iran Sanctions Act, development of a southern pipeline through Iran, in the short run, is not a possible scenario. On the other hand, a pipeline crossing the Caspian Sea looks equally hopeless unless littoral states reach an agreement about its status. In addition, since the ECT has not been ratified by Russia, no third party access to the existing pipeline from central Asia is possible. Of the three options, the Russian one stands out due to its existing pipeline network.

Thus, the only way for both parties (central Asian countries and western countries) to benefit would be to build new pipelines, but this is, at least in part, flawed by the uncertain status of the Caspian Sea. For this reason it is unlikely that central Asian states can be expected to provide the Nabucco

¹⁰ Nevertheless, according to the Managing Director of the Nabucco pipeline project (interview), Iran is still to be included in the scope of this project, at least for the short term.

project with a gas supply. Rather, states of the region rely on the Russian pipeline network, which is a combination of the Central Asia Centre (CAC) pipeline and Russia's other western natural gas pipeline system. Russia has arranged new deals with central Asian states (Turkmenistan and Kazakhstan) to renovate the existing CAC pipeline and to build a new one to increase its exporting capacity, as well as negotiating with Kazakhstan to export much of its known gas supplies to Russia until approximately 2015 (Socor, 2007). Not only has Russia been active in central Asia to impede EU diversification efforts, it has also made attempts within the EU to do so, by appealing to Hungary, one of the participants in the Nabucco project, to opt instead for an extension of the South Stream pipeline within its borders. In addition, Greece, Serbia and Bulgaria have agreed to host a section of this pipeline. Such efforts indicate a 'divide and rule' tactic and encourage Russia to set the pace for EU–Russia relations (Leonard and Popescu, 2007).

Hence, for the time being, it seems likely that EU efforts to induce Russia to co-operate (for example, consent to ratify the ECT) through enhanced attempts at diversification will have the opposite effect. There is also a direct need for Russia to engage in the central Asian energy fields. Although Russia is the world's largest natural gas producer and a major supplier to Europe, due to its large amount of domestic consumption it relies on central Asian supplies to meet these commitments. In any case, there is uncertainty, due to lack of reliable data on the size of proven energy sources and whether central Asian countries will be able to fulfil their contractual supply obligations to both Russia and the EU countries (Feklyunina, 2008, pp. 130–48).

However, given the advancement of MENA countries in the LNG trade, in the long run, co-operation may still be realized in two ways: either Russia co-operates with the EU in energy security, or Russia may co-operate with the MENA countries to take advantage of emergent gas markets. But this scenario is hard to envisage in the short term, firstly, because the LNG trade is very weak and second, because pipelines already exist which have been the object of high investment and are bound by long-term contracts. This will also have repercussions on the intra-regional theme or scenario in so far as the Caspian Basin gas will continue to come through the Russian pipeline, and thus dependence on Russia will not diminish. Instead, with new increases in capacity, witnessed in the expansion of the Kazakh gas capacity by 20 billion cubic metres (bcm), reliance on Russia will increase. However, this may also induce EU Member States to stake out a more unified position. As a result, energy security has an impact on the change and continuity of the EU RSC as well as on its neighbouring RSCs. With regard to the regional level, energy security will probably change the anarchic structure of the EU RSC in the field of energy by giving rise to a common energy policy. In other words,

current fragmentation in the energy sector will probably be eradicated with the establishment of a common energy policy. As such, energy security, in line with RSCT assumptions, will probably bring about an internal transformation in the EU RSC. However, it is hard to envisage that energy security will bring any external transformation in the short run, i.e., the outer boundary of the EU RSC will probably not change because of Russia's disinclination to co-operate. On the other hand, if the impact of European energy security concerns (diversification efforts) on the central Asia sub-region becomes more autonomous, this will induce Russia to increase its influence in the central Asia sub-complex. Therefore, Russian influence will probably impede any noteworthy attempts of co-operation between the EU and central Asia. Thus with respect to diversification attempts, EU–Russia relations, while not necessarily manifesting conflict formation, have a highly competitive edge, approximating the notion of security regimes on the RSCT amity–enmity spectrum of security interdependence.

Conclusions

The concept of energy security, which was born out of the 1970s oil crisis, has once again emerged as a dominant issue on the global agenda as linked to a broadened perspective of security growing out of the post-cold war era. Equally, it has implications in the European context because of the depletion of indigenous sources in the North Sea, unstable energy prices, its growing dependence on Russia for gas, environmental concerns over climate change, and uncompetitive energy markets. Thus, this article sets out to assess how growing concerns over energy security have affected the formation, maintenance and changes within the European RSC as well as neighbouring RSCs, based on the perspective provided by the RSCT. In this concluding section, brief summaries will be provided of the findings of this research, as well as on the relevance of the RSCT as an overall conceptual tool.

In line with the number of empirical themes or scenarios put forward on the pros and cons of regional and inter-regional energy co-operation, this article finds that, at the intra-regional level, greater European co-operation can be expected in the foreseeable future. In this respect, although Member States continue to act nationally, factors such as the liberalization of energy markets, the importance given to a common energy policy, efforts to introduce a super grid of power supplies across the EU, and the spin-off from environmental policy will promote the establishment of a common energy policy within the EU. Thus, it is expected that desires for energy security will change the culture of fragmentation currently existing between European

Member States with regards to energy policy. Put differently, energy security will probably have a positive impact upon the transformation of the EU RSC, leading it from fragmentation to integration.

However, in the foreseeable future no such favourable development can be envisaged in EU–Russia relations generally and with regard to energy issues specifically. Despite the advancement of MENA countries in LNG trade, and the absence of a gas cartel akin to OPEC, Russia's negative reaction to these developments is likely to impede EU–Russia relations. This outlook is also hardened by the negative fallout of the Russia–Georgia conflict, which resulted in the temporary suspension of talks for a new Strategic Partnership between the EU and Russia.¹¹ Consequently, prospects that energy security will contribute in the foreseeable future to co-operation between Europe and Russia are low, as current conditions make the presence of a Eurasian super-complex in this field highly unlikely.

While RSTC has provided a useful framework for the analysis of regional and inter-regional energy co-operation, it has also presented some difficulties. Even though RSCT asserts that it includes new security sectors (environmental, economic, social etc.) these only have a reinforcing role for the existing security interdependence within an RSC. As this article has shown, decisions concerning pipeline routes strengthen security interdependence in the CIS RSC. However, at the inter-regional level, energy security is not capable of creating security interdependence unless it is transformed into a politico-military security concern. The importance RSCT places on proximity explains why pipeline transportation, where proximity plays a major role for decision-making, has turned energy security issues from systematic pressure into a regional security threat. This feature of energy security makes RSCT applicable, at least in the regional context. Another difficulty of the RSCT framework is the *sui generis* structure of the EU. Given that the EU is oscillating between a great power and supranational organization, RSCT has difficulty in dealing with the EU. It treats the EU as a blurred anarchy which, on completion of integration, will become a great power.

The conclusions reached in this article are that, in spite of present unilateral and bilateral manoeuvres on the part of EU Member States to the contrary, a common energy security policy appears feasible over the next five to ten years. A second major finding is that EU–Russia co-operation in the energy sector is not likely to improve considerably over this period, and that EU attempts to counterbalance the dominant and growing position that Russia

¹¹ Negotiations for this Strategic Partnership, which was temporarily suspended between July and August 2008, contain EU and Russian commitment to the dialogue on energy, especially the predictability and safety of demand and supply. See Schmidt-Felzmann (2008, pp. 67–70).

has occupied in the supply of gas to EU countries – by seeking alternative energy supply from central Asia – are likely to be thwarted by countervailing Russian measures.

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