

The EU's partnership with Russia in the energy sphere.

Towards greater security or increased vulnerability to threats?



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Abstract

This thesis explores relations between the European Union and its largest neighbour - Russia, placing emphasis on the energy aspect of their strategic cooperation. Specifically, it is argued that growing reliance on Russian energy supplies may entail certain threats of economic and political nature to the EU. Hence the main objective of the paper is to deliberate on possible explanations of the EU's policy consisting in further tightening of energy bonds with Russia, despite risks stemming from rising dependence on this state's energy resources. It is among others analysed whether such stance may derive from lack of reliable alternatives. Specifically, it is considered whether stronger diversification of oil and gas providers, notably intensification of cooperation with the Caspian, North African or the Middle East regions, could help the EU to strengthen the group's energy security through diminishing the large influence of Russia in this sphere. Further deliberations are devoted to the question whether the EU member states would be likely to reach a consensus on this matter. An alternative explanation of the EU's stance towards Russia is sought within the overall relations of the two parties. In particular, it is considered whether the EU's conduct may be explained by the conscious policy aiming at reinforcement of other than energy links and thereby balancing its reliance on Russian resources.

The analysis of the abovementioned issues is supported by theoretical perspectives of realism and liberalism, as well as by Barry Buzan's conceptualization of security, notably his idea of the Regional Security Complexes.

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Introduction

In the recent decades the energy issue has gained on prominence in the international relations. The first developments that actually made states' leadership and the general public more aware of energy issues were related to the oil crises of 1970s, which proved that oil abundant countries may use their reserves as a political weapon in the international disputes. At that time, countries of the West had to face oil cuts, embargos and increased oil prices imposed on them by the members of Organization of the Petroleum Exporting Countries (OPEC) as a consequence of their stance in the Israeli-Arab war. These crises proved that a turbulence in energy area may have a long-term impact on states' economies and stability, and what is more, they indicated that energy issue may be a trump card enabling energy producers exert pressure on energy importing countries.

Indeed, energy is a specific commodity which besides pure economics involves politics, and it is often considered to be a matter of national security and strategy¹. The particular role of energy derives from a high significance of this commodity for modern economies. Among various sources of energy, fossil fuels embracing oil, gas and coal rank particularly high due to their overwhelming dominance in the overall world consumption, as well as their specific characteristics. Fossil fuels are finite and non-renewable, and new fields are increasingly rarely discovered. What is more, these resources are spread unevenly among states and geographical regions. Since energy is needed by all countries but possessed only by few ones, energy deposits give exporting states a certain advantage – or even a means of influence on energy importers. All these premises suggest that energy security issue in general, and dependence on external supplies in particular, should be given a high priority in politics.

The problem of growing reliance on external energy providers in recent years gained increased attention in the European Union (EU), which is today the second-largest energy importer in the world. The energy situation of the EU became even more alerting after the enlargements in 2004 and 2007, which brought into the group countries dependent upon fossil fuels import to a much larger extent than the old '15'. The European Commission Green Paper of 2006 regarding energy situation in the EU revealed that the current level of dependency on

¹ Oliver Geden, Clémence Marcelis, Andreas Maurer. "Perspectives for the European Union's External Energy Policy: Discourse, Ideas and Interests in Germany, the UK, Poland and France". SWP Working Paper FG 1, Berlin, December 2006, p. 9.

external resources amounts to 50% and what's more, within the next 20 to 30 years this dependence is bound to reach the level of 70%.²

The EU imports all three sorts of fossil fuels, yet the case of coal is in certain sense specific. Coal is actually the most abundant fossil fuel; its global reserves are considerably larger than oil and gas deposits, and it is more equally spread among countries.³ The European Union itself possesses considerable coal reserves, though high exploitation costs as well as some environmental concerns have caused a gradual decline of coal output. The internal coal deposits, stable world prices of this energy source, its relative widespread as well as the EU's considerably lower dependence on coal imports than on oil and gas deliveries make this energy commodity a different case.⁴

What is worrisome for the EU today is its high dependence on few oil and gas suppliers. These mainly embrace the OPEC countries and Russia in case of oil deliveries and Russia, Algeria and Norway in case of gas supplies. Among these suppliers, Russia plays a particular role since it delivers to the EU both oil and gas – the two resources that in aggregate constitute about 60% of total energy mix⁵ of the EU.⁶ In fact, currently Russia appears to be the most decisive external actor for the EU's energy security, not only due to its abundant energy reserves and the pipeline infrastructure linking it with the EU, but also because of existing binding cooperation framework between these two actors. One could expect this to be a potentially threatening situation for the European Union. Actually, the EU's concerns with its dependency on Russia became a hot topic in the EU forum in the aftermath of the events in Ukraine and Belarus at the beginning of 2006 and 2007 respectively. At that time, energy disputes between the two transit states and Russia and resultant cut-offs of Russian gas deliveries further caused brief energy shortages in the EU. These events were interpreted in various ways. Some commentators found Russia's behaviour understandable and stemming from justified economic premises, while others alerted the public opinion that it could be interpreted as a manifestation of

² Commission of the European Communities. *Green Paper. A European Strategy for Sustainable, Competitive and Secure Energy*. Brussels, 8.3.2006, p.3.

http://ec.europa.eu/energy/green-paper-energy/doc/2006_03_08_gp_document_en.pdf [3.02.2008].

³ IEA Clean Coal Centre. *Coal in an enlarged European Union*. June 2004.

http://www.iea-coal.org.uk/publishor/system/component_view.asp?LogDocId=81113 [12.02.2008].

⁴ The EU imports below 40% of solid fuels, in comparison to 57,6% of gas and as much as 82,3% of oil.

Eurostat statistics 2007 in: *EU energy in figures*, European Commission, Directorate-General for Energy and Transport (DG TREN), p.13.

http://ec.europa.eu/dgs/energy_transport/figures/pocketbook/doc/2007/2007_energy_en.pdf [20.03.2008].

⁵ This notion defines the proportional relationship between all used energy sources within a particular unit (state, region, etc.).

⁶ Geden, Marcelis, Maurer. op. cit., p.5.

will and readiness to use Russian resource base as a means of leverage to serve political goals. In any case, these events constituted “a wake-up call” for national governments, the public opinion and as well as for the EU authorities and exposed the EU’s vulnerability on energy disruptions.⁷

Problem formulation

The growing dependence on external supplies combined with rising demand - both globally and within the European Union - may severely endanger the EU’s energy security. These developments raise the importance of the EU’s proper response to the challenges deriving from increasing reliance on few energy producers. Therefore the fact that the EU has been actually tightening its energy cooperation with Russia - its dominant gas provider and a major supplier of oil - and hence increasing its already high dependence on Russian resources seems surprising.

The tendency of gradual tightening of the EU-Russia cooperation can be observed with regard to the overall framework of their relations as well as specifically with regard to the energy area. In recent years both parties have set the aim of intensifying their energy cooperation in the frames of the Energy Dialogue, which since 2000 has been functioning as the main instrument to achieve this goal. Moreover, in 2005 the EU and Russia adopted *Road Maps* for the implementation of four *Common Spaces*, which constituted specific measures aiming at strengthening their cooperation in various spheres, most prominently on economic and political-security questions. Their cooperation has involved regular meetings of experts as well as high-ranking officials, and most importantly the semi-annual EU-Russia summits.⁸ This inclination was supported by the EU’s explicit interest in building strategic partnership with Russia,⁹ as well as by declarations of the EU representatives expressing the will to further strengthen energy ties with Moscow.¹⁰ These prerequisites justify referring to the EU-Russia relations as to the extended cooperation.

⁷ Ibid., p.9.

⁸ Charles Grant, Katinka Barysch. “The EU-Russia Energy Dialogue.” Briefing note. Centre for the European Reform, May 2003, p.1.
http://www.cer.org.uk/pdf/briefing_eu_russia.pdf [08.02.2007]

⁹ Official portal to the European Union.
http://ec.europa.eu/external_relations/russia/intro/index.htm#eu [10.02.2008].

¹⁰ Commission of the European Communities. *Communication from the Commission to the European Council and the European Parliament. An energy policy for Europe*. Brussels, 10.1.2007, p.24.
http://ec.europa.eu/energy/energy_policy/doc/01_energy_policy_for_europe_en.pdf [15.01.2008].

Such explicit tightening of bonds is bound to lead to a significant rise of the EU's dependency on Russian resources. The level of this reliance is already high: currently it amounts to 29,9% in terms of oil and 45,1% in terms of gas¹¹, and if the EU's course of action won't be modified, till 2030 the dependence on Russian gas is expected to exceed 60%.¹² These numbers suggest that the EU is actually becoming overdependent on Russian supplies.¹³ This rising reliance is alerting, especially in view of the fact that in terms of oil and gas imports in aggregate, the EU is dependent on Russia's supplies to the highest extent among all of its energy providers. Further growth of this reliance could evoke certain threats to the EU of mainly economic and political nature. We would generally refer to these risks as related to overall tendency of globally growing demand on energy; spatial concentration of a large part of resources within politically unstable areas; large gap between the EU's demand on oil and gas and its indigenous deposits; strong connections of Russian energy sector to the Kremlin; potential political problems in relations between Russia as a producer and Belarus and Ukraine as transit states, and finally the possibility that Russia may use its energy resources as a political weapon allowing it to exert influence in other issues.

The EU seems to be either unaware of these threats or neglect them in a kind of purposeful policy. The actual reasons lying behind this way of conduct would be worth examining. Therefore, this thesis will be devoted to the investigation of the following question: *Why has the European Union developed its overall energy policy towards Russia on the framework of extended cooperation despite the economic - political risks stemming from rising dependency on Russian energy supplies?*

Methods

The area of study arising from the above given formulation of the main research question embraces multiple aspects; however it is not feasible to employ all of them. Therefore, this broad field needs to be narrowed down to a limited number of issues and a relevant perspective to look at the investigated problem needs to be chosen.

¹¹ Eurostat statistics 2007 in: *EU energy in figures*, European Commission, Directorate-General for Energy and Transport (DG TREN), p.14.

http://ec.europa.eu/dgs/energy_transport/figures/pocketbook/doc/2007/2007_energy_en.pdf [20.03.2008].

¹² Geden, Marcelis, Maurer. op. cit., p.5.

¹³ For the time being we concentrate solely on the EU dependence on Russia and we omit possible dependencies of Russia on the EU in the general framework of their relations.

In general terms, the energy security issue can be tackled from different angles, embracing energy exporter, energy importer and transit country. However, this thesis focuses on the energy security issue viewed from the consumer perspective, namely the EU. Furthermore, one needs to be aware that the energy relations with Russia take place on two levels. One level embraces the EU, and the other level embraces Russia's relations with particular member states on the bilateral basis. Our analysis is mainly focused on the EU level, however where appropriate, we shall refer to internal differences within the Union, and hence reach down to the national level. Furthermore, the chosen topic could entail searching for reliable explanations of the EU's stance towards Russia along different axes and different scopes. One could focus on the issue of how the common EU stance is created and hence base the full analysis on consideration of different national positions and power relations among particular members. One could also analyse the influence of external factors on the shape of the EU energy policy towards Russia, just to mention Russia's steps, for instance declarations to tighten energy cooperation with Asian partners. On the other hand, the search for motives lying behind the EU's behaviour could be also embedded in the context of various developments which could lead to significant shifts in the supply and demand ratio and thus eliminate risks connected to the EU's rising dependency on Russia. Among these, one could consider the potential influence of some internal aspects of the European Energy Policy (EEP), like attempts to shape the energy mix or the level of internal demand of the Union, on the strength of dependencies in the EU-Russia relations. One could also consider whether a significant energy savings, discovery of new energy fields or technological advancement making output of more deposits profitable may constitute a basis for the EU to neglect threats stemming from dependency on Russia. However, we believe that employing this area into our research would demand more technologically oriented analysis, which does not actually fit into our stance. We are rather interested in assessing the influence of the current circumstances on the EU decisions than in searching for their explanation on the basis of long-term projections regarding potential technological developments. What is more of our interest is to conduct the analysis of the EU's motives for extending its cooperation with Russia within the political dimension. This means that we will actually try to find possible explanations of the EU stance which could be motivated by certain economic, political and strategic prerequisites.

Yet before initiating the analysis of reasons which could explain the EU's stance towards Russia, some deliberations will be devoted to the issue of threats which may arise to the EU as a

consequence of its growing reliance on Russian oil and gas. The discussion of these risks shall constitute a sort of the point of departure to the actual analysis.

The analysis itself shall concentrate upon considerations on the validity and relevance of the following hypotheses, constituting potential answers to the stated research question:

1. The EU lacks capacity and/or will for building alternatives in the short term.
2. The EU believes that grounding its energy policy towards Russia in the overall framework of the strategic partnership constitutes a way to balance relations between the two parties.

For the purpose of the investigation of the above stated hypotheses, certain facts and arguments that can support or undermine the validity of these presumptions will be examined. We will devote to discussing which of the hypotheses regarding motives for strengthening the EU-Russia cooperation could be well-founded.

Our point of departure in adopted way of proceeding will be rooted in the leading question whether the present undertakings of the EU towards Russia within the energy cooperation could be considered as ‘a must’ resulting from the lack of reliable alternatives for energy supplies, or should it be more perceived as a conscious political choice of the European Community, which might ensure the possibility of achieving some other than solely energy related long-term goals.

This stance initiates the first step of our investigation, which turns the track of the analysis towards deliberation on obligatory character of the EU’s moves. To be more specific, in this part of the examination we will study the possibility of establishing or intensifying cooperation with energy suppliers other than Russia. At this point, we are going to discuss whether energy alliances with alternative countries (or regions) would be possible for the EU, taking into consideration oil and gas deposits of these areas, already established cooperation links with the EU, the layout of current and future transportation routes, and other factors. This part of the analysis shall also embrace considering the question of what could be Russia’s reaction on the EU’s turning to other energy suppliers. We will also discuss whether achieving greater diffusion of suppliers would in fact lead to increased energy security for the EU member states.

Secondly, assuming that such possibilities exist, we shall consider whether the agreement among the EU states on building alternative energy cooperation frameworks would be possible to achieve. At this point we shall take a closer look at differences among some particular EU member states in terms of dependency levels on Russian resources and consequential different strengths of their security ties with Russia. Additionally, this discussion shall embrace such aspects as energy mixes of particular EU members, their engagement in different pipelines projects, their energy security strategies and finally their perceptions of political and economical consequences of dependency on Russian supplies. In particular, we are going to study whether different and specific energy security situations of the EU countries may result in their different commitment to respond to economic and political risks deriving from the EU-Russia relation, and hence diverse positions on building alternatives. Presentation of these elements shall help us to assess whether the existence of various national energy interests within the EU would hamper new energy alliances for the EU as a whole.

The last part of our analysis should focus more on the overall framework of the EU-Russia cooperation and track areas in which Russia may have particular and crucial interests in partnership with the EU. This part of the discussion will embrace agreed strategic goals of the EU-Russia partnership as well as already created links and interests between the two actors in various spheres of their cooperation. At this point we will discuss whether these interests may balance the EU's dependency on Russia in terms of energy.

This analysis will be supported by a theoretical framework comprising mainly theories of realism, liberalism and a theory of security complexes suggested by Barry Buzan. This framework was deliberately chosen due to several reasons. First, these theories refer to relations between different actors in the international arena, and therefore will be appropriate to analyze relations between the EU and Russia. Second, they embrace various attitudes to security issue which can constitute a solid general background to discuss energy security as a subfield or perhaps a certain aspect of overall security relations. Finally, in addition to exploring international security relations, these theories present various views on the existence of interdependence links connecting security interests of different actors in the international arena. The interplay between interdependence and security will constitute a significant reference point in our considerations. Due to these reasons we expect that these theories will help us to better comprehend the issue of energy security in Europe with reference to the group's relations with Russian Federation.

In terms of their application, the selected theories shall provide a specific prism to look at the EU-Russia energy relations. These theories will be presented in a way faithful to their original shape, since our aim is to provide various, even divergent perspectives on the questions of security and interdependence in the EU-Russia relations. Such approach was recognized by us as more interesting than selecting only one theoretical approach to security matters and assessing its applicability by contrasting it with the reality of the EU-Russia cooperation. Referring to various theoretical approaches gives us the possibility to look at behaviour of both parties through broader and richer perspective and hence, get better understanding of their relation. Moreover, diversified theoretical perspective allow us add more value to our analytical research for the possible answers to our main question.

Our analytical considerations will be mostly referring to Buzan's theory of security complexes. Through the lens of this theory, the entire EU will be treated as one regional security complex consisting of several subcomplexes, each composed of a group of states sharing certain characteristics. On the other side Russia will be regarded as another region in terms of security. The perspective of Barry Buzan's theory will let us examine the character of relations existing between the EU and Russia; specifically in terms of (inter)dependence links binding them into a common security supercomplex. In these reflections we will also refer to realist and liberalist assumptions concerning security, inter alia means and prospects of its achievement in the international affairs. We shall also deliberate on both the EU's and Russia's policies and see what light liberal and realist approaches shed on their way of conduct in international politics.

What should be mentioned here is the fact of close links of Regional Security Complex theory with an academic stance recognized among scholars as *Copenhagen School*. Since we are analyzing some matters concerning the energy security, the implementation of this particular stance allows us to move beyond the originally central military dimension of security towards the political and economic aspects of this issue. The implementation of some of the Copenhagen School's assumptions also permits us to observe energy relations on various analytical levels. Though we will mainly concentrate on investigation of ties between regional complexes of the EU and Russia, at the same time we are going to refer to the state level, which is recognized as the crucial level of security matters by the Copenhagen School. Moreover, the adoption of Buzan's stance on security allows us to combine objective understanding of security with its subjective facet.

The employment of the above mentioned theories within our analysis delivers a variety of attitudes towards examined phenomenon of energy security. The awareness of the existence of different and sometimes contradictory perceptions concerning security issue should enrich our analysis. Selected theoretical concepts building the theoretical framework of the thesis are applied with the aim to provide a certain perspective on the analysed phenomenon. What is important, in applying these theories we do not intend to check how this framework fits into the observable reality; we rather wish to gain a broader view on energy security as a matter constituting a part of overall international relations. These theories were given a role of supporting the analytical part of the thesis by providing certain way of looking at energy security issue. The theoretical concepts together with the background information regarding energy situation in Europe and the EU-Russia cooperation are employed with the aim to enable a solid analysis of potential reasons for the EU stance towards Russia, which constitutes the core part of the thesis.

The problem we are going to touch upon as well as the way we are intending to develop reliable analysis demand a certain study design. Since the main problem is focused on the examination of reasons for extending energy cooperation between two particular actors embedded in a certain political-economical context, the nature of our thesis will be mostly explanatory. Its aim is to give some reasonable picture of the causal relation, namely why the EU-Russia relationship is being tightened if there may be certain contraindications related to particular risks stemming from rising dependency. However, this project also includes elements of descriptive research since in order to explore the reasons lying behind EU-Russia strategic cooperation, we will need to systematically describe their relations as well as provide some background information concerning energy situation in Europe. Our study will be more qualitative, as our aim is rather to explore certain phenomenon than to quantify it. The analysis of the phenomenon will be based on certain interpretation of mostly non-numerical data. We do not put emphasis on any form of measurement of analyzed data but rather on description and in-depth study of the situation. When it comes to the reference period, this study is retrospective-prospective since generally the analysis will be conducted on the basis of collected facts and data referring to the past events, yet in addition some predictions regarding future developments of certain energy-related aspects will be also referred to. These potential developments will embrace inter alia predicted shifts in the supply-demand ratio, both globally and within the EU itself. In this thesis on the basis of facts and data related to the discussed issue we are building a

certain interpretation of potential motives lying behind the phenomenon of extending the cooperation between the EU and Russia. We consider our understanding of the situation as one out of many possible and valid explanations. Since our findings are offered as a certain interpretation, it can be said that we are presenting them in non-positivist terms.

In terms of applied sources, our discussion will be based on gathered secondary data. The analysis will be conducted substantially on the basis of the following documents, elaborated by the EU institutions: proposals of the European Commission on particular energy matters, issued in the form of Green Papers; stances of the European Parliament towards discussed issues as well as official decisions of the European Council. This array of documents will be also embracing official statements and comments of particular European representatives, as well as documents and papers concerning the entirety of EU-Russia cooperation. Moreover, the merits of the analysis will be supported by statistical data extracted from the Eurostat, Energy Information Administration and BP analyses, as well as by journal articles and working papers issued by research institutes dealing with the EU-Russia relations and energy security matters. Our discussion will be additionally enriched with information gathered from speeches and standpoints of Russian officials.

The analysis will be based on the period of time embracing the most visible steps and progressive decisions in the EU-Russia energy cooperation. We decided to take a closer look at the period starting from the official launching of the Energy Dialogue between the two parties in 2000. However, we are aware of the fact that conducting this analysis may require reference to some particular events which occurred before the Energy Dialogue was established. In addition, since prospects concerning potential developments of energy security situation will constitute a part of our discussion, the future perspective will be also applied where appropriate.

We presume that during our elaboration we may encounter some difficulties in gathering up-to-date and complete data concerning energy situation and energy policy of each particular EU member state. Some additional doubts may arise due to the fact that some of our preconclusions shall be drawn on the basis of predictions on future developments, for instance those regarding increasing dependence of the EU on external energy deliveries. These predictions, or at least an extent of the dependency, may turn out to be invalid due to some changes, just to mention technological ones which are omitted in this paper. Last, the selected subject area is broad in its nature, however formal requirements related to space limitations, as well as limited time of the research made us narrow down the scope of the analysis and the

number of hypotheses to be verified. However, narrowing down the area of study to politically motivated explanations of the EU stance towards Russia carries the risk that it may divert our attention from other aspects of the problem, potentially equally important and equally probable. Therefore choosing one line along which we will be looking for answers on the stated research question is 'a must', but on the other hand it can constitute a drawback. One can argue that excluding some dimensions from the analysis, for instance those regarding possible shifts in the supply and demand levels due to technological changes, or deliberate endeavors like energy savings or energy mix agreed on the EU level, can actually make the analysis incomplete. We are aware of this limitation, however we have adopted a goal of discussing which explanations among the ones related to political choices may be better founded, and not what is the most probable answer on the main research question in general.

This thesis shall be structured along two broad parts: theoretical and analytical section. Theoretical section shall provide a conceptual background to discussion on security issues in international politics, and energy security matter in particular. The analytical part will first present a background of the issue of the study, embracing general energy situation in the EU and the framework of its cooperation with Russia. Next, the potential threats to the EU caused by its high reliance on Russia will be discussed, which will be followed by the subsequent analysis of potential explanations of the EU's policy towards Russia. The conclusions reached throughout the analysis shall be summarized at the end of the thesis.

I. Theoretical framework

1.1 The general concept of security

Security issues have been granted a prominent place among contemporary problems faced by humanity, and consequently became a frequently explored area of study. However, though the notion of security has been widely used by both practitioners and academics, it appears that the term has been poorly defined. According to David A. Baldwin, a professor of political science and world order studies at the Columbia University, most security studies academics failed to explore the concept of security itself. The inadequate attention paid to semantics of security was also stressed by other scholars, including Bock, Berkowitz, Smoke and Buzan^{14, 15}. Indeed, it is argued that much of the academic debate has been carried on the array of issues which should be treated as a security matter, and not on the actual conceptualization of security. Possible origins of this negligence are suggested by Baldwin, who argues that paradoxically, at least till the end of the Cold War, the central concern of most security studies scholars was not security, but the military statecraft.¹⁶

Some scholars who bypassed the conceptualization of security in their deliberations justified this negligence by depicting security as an *essentially contested concept*. Essentially contested concepts are defined by Baldwin as the ones that are “so value-laden that no amount of argument or evidence can ever lead to agreement on a single version as the ‘correct or standard use’”.¹⁷ According to the adherents of this position, attempts to conceptualize security are irrelevant since there are no grounds for depicting one concept as better than all the others. Still, there is no consensus among academics whether the essential contestability of security should be acknowledged. Baldwin suggests that in any case the designation of security as an essentially contested concept should not be used “as an excuse for not formulating one’s own conception of security as clearly and precisely as possible”.¹⁸

¹⁴ Barry Buzan is a Professor of International Relations at the London School of Economics, and honorary professor at the University of Copenhagen. He has published and broadcast extensively in the field of international relations; he has been inter alia exploring the conceptual and regional aspects of international security. His conceptualization of security is associated with the Copenhagen School of thought.

¹⁵ David A. Baldwin. “The concept of security.” *Review of International Studies*, Vol. 23 No.1, 1997, p.8.

¹⁶ *Ibid.*, p. 9.

¹⁷ *Ibid.*, p.10.

¹⁸ *Ibid.*, p. 12.

However, some definitions of security can be still found in the security studies literature. Arnold Wolfers defined security as “the absence of threats to acquired values”,¹⁹ and Harald Müller, a Professor of International Relations at the Johan Wolfgang Goethe University in Frankfurt, similarly referred to this notion as “the absence of existential threats to the state emerging from another state”.²⁰ However, since the situation in which no threats occur is virtually impossible – just to mention threats related to natural disasters, it might be more appropriate to follow Baldwin’s definition of security as “a low probability of damage to acquired values”.²¹ One needs to be aware that the actual probability of damage to acquired values may be sometimes overestimated or underestimated,²² and thus one should differentiate between objective security (is one factually secure) and subjective security (does one feel secure).²³ If one takes Wolfers’ definition as a point of departure, the subjective security will be interpreted as “the absence of fear that [acquired] values will be attacked”.²⁴ In other words, the objective security refers to the factual situation, while the subjective security refers to the perception of this situation.

What is worth mentioning, all of the above given definitions view security as a certain state constituting a policy objective. This raises a question whether a state of absolute security is attainable at all, or one can only approximate to this ultimate goal. Actually, it entails a further question, namely if one is able to move along the scale of different levels of security. Some academics, for instance Barry Buzan, claim that “something is either secure or insecure”,²⁵ while others, including Wolfers, perceive security as a gradable value. Due to the lack of consensus among academics on whether security is a matter of degree one cannot answer these questions unambiguously.

¹⁹ Arnold Wolfers “‘National Security’ as an Ambiguous Symbol.” *Political Science Quarterly*, Vol. 67, No. 4, Dec. 1962 p. 485 in David A. Baldwin. “The concept of security.” *Review of International Studies*, Vol. 23 No.1, 1997, p.13.

²⁰ Harald Müller. “Security cooperation.” in *Handbook of International Relations*, Walter Carlsnae, Thomas Risse, and Beth A. Simmons (eds.) London: Sage, 2002, p.369.

²¹ Baldwin. op. cit., p.13.

²² Ibid., p.14.

²³ Barry Buzan. “Is international security possible?” in *New Thinking About Strategy and international security*, Ken Booth (ed.) London: Harper Collins, 1991, p.40.

²⁴ Czesław Mesjasz. “Security as an analytical concept.” Paper presented at the 5th Pan-European Conference on International Relations, Hague, 9-11 September 2004, p.5.
http://www.afes-press.de/pdf/Hague/Mejasz_Security_concept.pdf [21.02.2008].

²⁵ Barry Buzan. “People, States and Fear: An agenda for international security studies in the post-Cold War era.” 2nd ed., New York : Harvester Wheatsheaf, 1991, p.18.

1.2 Security issue through the prism of selected International Relations theories

The concept of security can be further developed with reference to more specific aspects, among which the most prominent ones are the referent object of security, the range and hierarchy of issues that security comprises, the significance of this issue in states' politics, the political context in which security operates and finally the character of security relations between states. These questions are very interlinked in practice and the way they are perceived depends strongly on the adopted theoretical approach to the security problem.

Traditionally, it has been the realist approach that lastingly dominated the security studies. Political realism constituted the most widespread way to explain behavior of international actors until recently and still has numerous supporters.²⁶ One of the principal assumptions of this stance is that states are predominant actors in the international system, as "they are both the framework of order and the highest source of governing authority".²⁷ In the classical variant of realism all other actors in the international arena, like international corporations or organizations, are virtually excluded, as it is assumed that they do not impinge on the behavior of states.²⁸ Actually realists do recognize the existence of the international economy, however they perceive it as an entirely separate system which can be ignored when analyzing relationships between states.²⁹ The neorealist variant in turn acknowledges the international economic system as a significant factor that needs to be taken into consideration, but still attributes it a definitely subordinate role to *high politics* in the international relations.³⁰ Thus, adherents of realism regard states as practically the sole referent objects of security.

Realists view the international system as anarchic, which means that it lacks the all-encompassing authority or a central government regulating relations between nation – states and capable of dictating and enforcing international rules.³¹ Government resides only in the units of the system – states, which claim sovereignty and thus do not recognize any higher political authority which could constraint or channel their behavior.³² This anarchic character of the international system affects the nature of relations between states and sets the fundamental

²⁶ Michael Nicholson. "International relations. A concise Introduction." 2nd ed., New York: New York University Press, 2002, p.91.

²⁷ Buzan. "Is international..", op. cit., p.34.

²⁸ Nicholson. "International relations..", op. cit., p.91.

²⁹ Ibid., p.104.

³⁰ Ibid., p.96 and p.104.

³¹ Trevor Salmon (ed.). "Issues in international relations". London: Routledge, 2000, p.300.

³² Buzan. "Is international..", op. cit., p.31.

conditions for international security. According to Buzan, “anarchic structure imposes competitive, self-help conditions of existence on the states within the system”.³³ In the anarchic world which is “a dangerous and insecure place, where violence is regrettable but endemic”,³⁴ states regard the maximization of their relative power and security as the core interests of their politics, allowing them to survive. Their survival is then regarded as dependent on putting security as their dominant goal.³⁵ Actually, placing the issues of power and security on the top of the aspirations constitutes another reason to consider states to be natural referent objects of security, as it is the state that can most efficiently direct military forces and use them as a defense or a threat against others.³⁶

Since for realists the only possible safeguard against potential aggressors remains a significant military capability,³⁷ it is the military security that attracts almost their entire attention. Military security is considered an essential prerequisite for the achievement of any other goals. Other forms of security are either completely neglected, or given subordinate importance to the military dimension; *high politics* of military security prevail over the *low politics* of economic and social affairs.³⁸ The primacy attributed to the military security is justified by the realist conviction that “military means can dominate outcomes in all the other sectors”.³⁹ This military-dominated view is also a consequence of a realist assumption that conflict, suspicion and competition are permanent features of international politics, and therefore each state ought to be constantly ready “to respond to the possibility of armed threat, attack or invasion”.⁴⁰

Furthermore, in the realist view the dynamics of international politics are highly influenced by a pattern of interactions referred to as the *security dilemma*. This phenomenon rests upon an assumption that states aim at increasing their military capability, for instance by acquiring armaments, in anticipation of threats. However, even if their intentions are truly peaceful, their behavior can raise suspicions in other states, which may interpret this move as a preparation for an offensive war. Other states feel threatened and thus they may themselves

³³ Ibid., p.32-33.

³⁴ Scott Burchill. “Realism and Neo-realism.” in *Theories of international relations*. Scott Burchill and Andrew Linklater (eds.) New York: Palgrave, 2001, p.70.

³⁵ Nicholson. “International relations..”, op. cit., p.93.

³⁶ Ibid., p.91.

³⁷ Olav F. Knudsen (ed.) “Stability and security in the Baltic Sea region : Russian, Nordic and European aspects” London: Frank Cass, 1999, p.245.

³⁸ Robert O. Keohane, Joseph S. Nye. “Realism and complex interdependence.” in *International Relations: Critical Concepts in Political Science*, Andrew Linklater (ed.), Volume 2, Florence, KY, USA: Routledge, 2000, p.718.

³⁹ Buzan. “Is international..”, op. cit., p.35.

⁴⁰ Ibid., p.35.

upgrade their weapons, this way creating further suspicions in the system.⁴¹ Thus in the realist perspective “measures states take to preserve their security are easily, and often rightly, seen by others as threatening to their own security”.⁴²

This phenomenon is related to the idea of so-called zero-sum logic of security concept, which proclaims that more security for one state is tantamount to less security for another state.⁴³ In fact, realists consider power and security as an object of perpetual competition among states. Actually, according to their stance a state can only temporary gain more power or achieve higher level of security in relation to other states, as under anarchy security cannot be lastingly obtained by any unit of the system.⁴⁴ In fact, realists’ view international politics as constant shifts in the balance of power and continuous changes in the international distribution of security.

To realists, a phenomenon of interdependence between states should be rather perceived in negative terms. Realists do not view it as a symmetric relation between equal partners, but rather as a relation causing vulnerability of the dependent party to actions and decisions taken by the dominant party. Interdependence viewed as vulnerability is believed to constitute a source of power of one state over another. Since being dependent is tantamount to a reduction of a state’s relative power position, it is recommended that a state should avoid or at least minimize its dependency on others. According to realists, “[d]ependency on others is to be minimized, whereas dependency of others on one’s own state may be desirable to the extent that it increases one’s leverage over those other states”.⁴⁵ Realists refuse the idea that interdependence enhances prospects for peace; they contend that in some cases interdependence may even lead to a conflict. Actually, realists point at autarky and separation from other units as occurrences which entail fewer interactions and hence less conflicts in inter-state relations.⁴⁶

Due to the overall conditions of inter-state relations set by anarchy, security cooperation between states becomes problematic. In a world ruled by suspicion and struggle for power all states are considered to be potential enemies.⁴⁷ A friend, an ally and cooperation partner of today

⁴¹ Nicholson. "International relations..", op. cit., p.93.

⁴² Buzan. "Is international..", op. cit., p.32-33.

⁴³ Baldwin, op. cit., p.22.

⁴⁴ Buzan. "Is international..", op. cit., p.34.

⁴⁵ Paul R. Viotti, Mark V. Kauppi. "International Relations Theory: Realism, Pluralism, Globalism." 2nd ed., New York: Macmillan, 1993, p.57.

⁴⁶ Ibid., p.55-57.

⁴⁷ Robert L. Rothstein „On the costs of realism” in *Perspectives on World Politics*. Richard Little, Michael Smith (eds.), 3rd ed., London: Routledge, 2006, p.335.

might become a competitor, rival or enemy of tomorrow, and thus perspectives for the security cooperation are rather limited.⁴⁸

Realism indeed constituted a very popular framework for analyzing security issues for an extended period of time, but currently it is often argued that it “no longer offers an adequate explanation of world politics”.⁴⁹ It is stressed that realism provided a quite accurate view of international politics in the post-war period and in the times of the Cold War, but since then the international environment has considerably changed and therefore some of the realist assumptions became anachronistic. At this point it is worth to refer to the liberal theory of international relations, which actually as a whole provides an alternative perspective on security issue in inter-state affairs. Moreover, realism and liberalism are worth contrasting since they constitute the most prevalent theories of international politics and are believed to remain the most influential in shaping the views of policy makers.⁵⁰

To start with, liberals question the realist assumption that states should be the only units considered when analyzing international affairs. Liberals do agree that sovereign states are important, however they claim that there are other significant actors in international relations, including multinational corporations, international and regional institutions, international non-governmental organizations, social movements or terrorist groups. The significance of these actors is acknowledged since it is believed that states become increasingly affected by their decisions and actions.⁵¹

Further on, liberals question the realist conviction that states act as unitary entities. Instead, they argue that states are “disaggregated into components, some of which may operate transnationally”.⁵² Specifically, liberals point at the existence of multiple transnational ties connecting societies, such as different forms of communication between individuals and between groups. They suggest that analysis of relations between governments should be consequently

⁴⁸ Müller, op. cit., p.371.

⁴⁹ Buzan, “Is international..”, op. cit., p.343.

⁵⁰ Warren Karle. “Realism and Liberalism continue to shape the ways in which policy makers conceptualise international relations.” Australian Public Service, Shedden Papers, 2003, p.5.
http://www.defence.gov.au/ADC/docs/Publications/Shedden%20Papers%202003/Mr_Karle.pdf [12.02.2008].

⁵¹ Jill Steans, Lloyd Pettiford. “Introduction to international relations. Perspectives and themes.” 2nd ed., Harlow: Longman, 2005, p.36, 38.

⁵² Skyler J. Cranmer. “Realism and Liberalism. Third Pass.” 22 September 2005, p.1.
http://people.iq.harvard.edu/~scanmer/files/realism-liberalism_third_pass.pdf [12.02.2008].

supplemented by relations among private individuals, groups and societies that do affect the dynamics of international affairs.⁵³ Liberals further argue that the existence of transnational linkages between societies which bypass (or even subvert) state control,⁵⁴ combined with internationalization of decision making on a range of different issues, has been weakening the authority of nation-states.

Unlike realists, who perceive inter-state armed conflicts as a peculiar feature of international relations, liberals believe that war is unnatural and irrational, and that it can be removed from human experience. War is actually believed to be a result of minority rule; societies are plunged into conflict by militaristic and undemocratic governments, who run wars for their own interests. Henceforth, the establishment of democratic forms of governments where rulers are accountable to society is believed to lead to peaceful international relations, “because the ultimate consent for war would rest with the citizens of the state”.⁵⁵ Therefore, liberals contend that the spread of liberal-democratic governments shall bring an end to war between states and hence international security.

Liberals also pay particular attention to the economic aspect of relations between states. First, they contend that “in the long run it is beneficial to all if markets are allowed to operate freely without state intervention”.⁵⁶ However, this does not mean that liberals do not see any role of states in economy: they argue that states are necessary, “because they [provide] a regulatory framework (..) to, among other things, enforce contracts and protect against corruption and unfair competition”.⁵⁷ Still, liberals recommend that state intervention should be kept to a minimum.⁵⁸ Second, they suggest that countries should be able to trade openly and freely with each other.⁵⁹ International free trade would “prove to be mutually beneficial by, for example, bringing about interdependence among states and generating wealth, both of which would reduce the likelihood of conflict”.⁶⁰ It is believed that “[i]nterdependence would replace national

⁵³ Robert Jackson, Georg Sørensen. “Introduction to international relations: theories and approaches.” 3rd ed., Oxford: Oxford university press, 2007, p.100-101.

⁵⁴ Steans, Pettiford, op. cit., p.39.

⁵⁵ Scott Burchill. “Liberalism.” in *Theories of international relations*. Scott Burchill and Andrew Linklater (eds.) New York: Palgrave, 2001, p.33.

⁵⁶ Steans, Pettiford, op. cit., p.25.

⁵⁷ Ibid., p.27.

⁵⁸ Ibid., p.27.

⁵⁹ Ibid., p.25.

⁶⁰ Ibid., p.27.

competition and defuse unilateral acts of aggression and reciprocal retaliation”,⁶¹ and hence would entail more cooperative nature of international relations.

Thus, liberals believe that security of states can be guaranteed by other means than accumulating military power. Politically, security of states is believed to be strengthened by the spread of liberal-democratic forms of governments, since “democracies do not go to war against each other”.⁶² Economically, removing barriers to international trade is believed to create interdependencies between states and consequently lead to more peaceful and cooperative international relations. Moreover, liberals contend that it is impossible to measure power of states simply in terms of their military capacity. Power of states is believed to be largely embedded in their economic wealth and prosperity. Liberals also suggest that “economic development and foreign trade are more adequate and less costly means of achieving prominence and prosperity”.⁶³ Hence in liberalist view, power of states can be strengthened rather by international trade and commerce than by territorial conquest. In consequence, national security question is no longer perceived as the most important issue for states; socioeconomic, welfare or ecological issues are granted an equally prominent position in states’ agendas.⁶⁴

In comparison to realists, liberals are much more optimistic about the prospects for security cooperation between states. Liberals trust that it is possible to move beyond the realist ‘power politics’ and govern relations between states on the basis of moral principles and legal norms.⁶⁵ In contrast to realists who perceive security as an object of competition between states, liberals view security as a collective value which may be achieved through common initiatives and inter-state cooperation. Specifically, they replace the realist concepts of the zero-sum logic and the balance of power with an idea of the ‘collective security’. The notion of ‘collective security’ refers to “an international order based on the rule of law and collective responsibility”.⁶⁶ This concept presumes that a violation of international law would be handled jointly by states in the name of their common interest in the maintenance of peace and security.⁶⁷ Further on, liberals presume that the security cooperation conducted in the frames of international institutions would prompt states to renunciation of the use of force as a means of

⁶¹ Burchill. “Liberalism.”, op. cit., p.39.

⁶² Jackson, Sørensen. op. cit., p.111, 114.

⁶³ Ibid., p.103.

⁶⁴ Cranmer, op. cit., p.1.

⁶⁵ Steans, Pettiford, op. cit., p.30.

⁶⁶ Salmon, op. cit., p.299.

⁶⁷ Ibid., p.299.

settling international disputes, which would consequently entail less violent world politics.⁶⁸ By providing a flow of information and a forum for negotiations, the international institutions are expected to help overcome the problem of mutual mistrust between states.⁶⁹ From liberal perspective, understanding plans and motivations of other actors is believed to reduce general suspicion in the international system and hence alleviate the realist security dilemma.

In summary, for liberals an interaction of democratic institutions, inter-state trade, and international organizations reduces inter-state conflicts and contributes to international cooperation.⁷⁰ Similarly, the rising interdependence between states and other actors produces incentives to avoid conflicts which could result in costly disruption of trade, and compels states to engage in more intensive forms of cooperation.⁷¹

Indeed, liberalism provides a fundamentally different interpretation of security issues in international affairs than realist approach. It actually calls into question all the major characteristics of realism and presents a very different picture of international relations. However, there are also other concepts and ideas suggested by various academics, which provide an alternative perspective on selected aspects of the realist view on world affairs.

Some scholars, including Barry Buzan, a German sociologist Ulrich Beck⁷² and the founders of the neoliberal school of thought Robert O. Keohane⁷³ and Joseph S. Nye⁷⁴, point out that the reality of contemporary world politics is changing due to the phenomenon of growing interdependence, highlighted by adherents of the liberal stance. Buzan stresses that the main driving force behind interdependence is “the rising density of the interaction networks that tie the international system together”.⁷⁵ The rising density in turn is driven by a combination of

⁶⁸ Burchill. “Liberalism.”, op. cit., p.46.

⁶⁹ Jackson, Sørensen, op. cit., p.110.

⁷⁰ Cranmer, op. cit., p.14.

⁷¹ Having discussed the most prominent characteristics of the liberal theory, it is worth adding that among the overall liberal mainstream one can identify several branches, emphasizing different aspects of the theory. *Sociological liberalism* highlights the importance of transnational ties linking societies. *Republican liberalism* contends that the spread of liberal democracies is the key to inducing peaceful and cooperative inter-state relations. *Interdependence liberalism* pays particular attention to international economic ties and mutual dependence between peoples and governments, which result in more cooperative approach to international relations. *Institutional liberalism* believes that international relations can be transformed by building international institutions constituting fora for cooperation, negotiations and collective search for peaceful solutions to international disputes. Jackson, Sørensen, op. cit., p.100-115.

⁷² Dr. Ulrich Beck holds a professorship at Munich University and at the London School of Economics.

⁷³ Robert O. Keohane is a Professor of International Affairs at the Woodrow Wilson School at Princeton University. Together with Joseph S. Nye he has developed the concept of complex interdependence.

⁷⁴ Joseph S. Nye is a University Distinguished Service Professor at the Kennedy School of Government at Harvard University, the co-founder of the international relations theory of neoliberalism, the explorer of the complex interdependence and initiator of the theory of soft power.

⁷⁵ Buzan. “Is international.”, op. cit., p.41.

various factors, such as “increasing population, and increasing technological, organizational and financial capabilities and incentives for action”.⁷⁶ As a result of these developments, people’s activities more often affect the conditions of other people’s existence, and this influence may be intended and unintended, and positive as well as negative.⁷⁷

Effects of the rising density phenomenon are noticeable across a broad spectrum of issues. In military terms, a number of countries have developed military capabilities which, if used, would cause unimaginable levels of destruction, including the elimination of the human species. The level of military capabilities reached by major powers enables them to involve the whole world in conflict. In the political sphere in turn, political ideas have achieved a worldwide reach, and numerous global forums of discussions on common issues have arisen and have been running on a regular basis. Further, with respect to the economic aspects, “the world is increasingly tied into a global market of production, trade and finance”⁷⁸ with increasingly more efficient worldwide transportation network and a global web of electronic communication. Environmentally, the collective influence of human activity causes effects of a regional and global scale. Finally, in societal terms certain elements of a global society gradually come into being, which manifests itself in a widespread use of English as a common means of communication or in the spread of materialist values and styles.⁷⁹

The rise of density affects the general character of the international system, and its principal political impact manifests itself in the growing interdependence among states. This interdependence means that actors “cannot entirely separate their interest from those with whom they closely interact”⁸⁰ and that they are dependent on other actors’ decisions to the extent that these acts and choices affect their existence. Similarly to the rising density, the phenomenon of rising interdependence is noticeable across numerous areas of interstate relations. With respect to the military sphere, in the era of nuclear weapons not only security, but also survival of states often depends on the restraint of their rivals. In the economic sphere, the prosperity and development of states is conditional upon such factors as the access to external markets and resources. With respect to the environmental aspects in turn, states increasingly depend on each other’s decisions concerning adoption of restrictions on ecologically damaging activities.⁸¹

⁷⁶ Ibid., p.41.

⁷⁷ Ibid., p.42.

⁷⁸ Ibid., p.42.

⁷⁹ Ibid., p.42.

⁸⁰ Nicholson. "International relations..", op. cit., p.98.

⁸¹ Buzan. "Is international..", op. cit., p.42-43.

Similarly to liberals, Buzan contends that the phenomenon of increasing interdependence in world politics is bound to make international relations less violent. He claims that although the interdependence by itself is unlikely to reduce the possibility of conflict, the existence of strong interdependency links between states may reduce incentives to resort to armed force. This is due to two reasons: first, the interdependence provides states with a wide array of alternative instruments to influence each other's behavior, and second, "interdependence makes relationships costly to disrupt".⁸²

There are academics who suggest that the above mentioned changes occurring in the international arena call into question the basic assumptions of realism. Keohane and Nye argue that fundamental realist assumptions on international politics constitute an extreme set of conditions of ideal type, which may be "an inadequate basis for analyzing the politics of interdependence".⁸³ They contrast realist theories with another ideal model: complex interdependence,⁸⁴ and suggest that none of these models can faithfully reflect the reality of world politics in all situations. Instead, they claim that for certain conditions realism provides a better explanatory framework, while for others complex interdependence does. However, according to their position, "most situations will fall somewhere between these two extremes".⁸⁵ Other academics in turn, like Buzan, make an attempt to combine some realistic assumptions with the logic of interdependence. Buzan claims that contemporary international system is shaped by "the divergent logics of anarchy and interdependence"⁸⁶ and that their interplay sets the major framework for thinking about international security. He argues that anarchy shows us the character of the international system and the nature of its units, while interdependence directs our attention to the particular conditions of contemporary world system which affect the shape of interactions between states. Thus Buzan suggests that the prospects for international security should be considered with reference to the nature of the international system, where dividing tendencies of anarchy interact with the binding ones of interdependence.⁸⁷

However, the vision of the international environment constituting a context for security politics was not the only aspect questioned by skeptics of political realism. In fact, a different

⁸² Ibid., p.43.

⁸³ Keohane, Nye, op. cit., p.718.

⁸⁴ The concept of complex interdependence is based on three main assumptions referred to further in the text: 1. Multiple channels, and not solely intergovernmental ones, connect societies; 2. Force is not an effective instrument of policy; 3. Interstate relations comprise multiple issues which are not headed by the issue of military security. These assumptions can be also found in the liberal stream of IR theories.

⁸⁵ Keohane, Nye, op. cit., p.719.

⁸⁶ Buzan. "Is international..", op. cit., p.43.

⁸⁷ Ibid., p. 44.

interpretation of international context in which security operates entails different perception of other security aspects as well. To give an example, some academics question the realist conviction that security constitutes the primary goal of all states. Arnold Wolfers maintains that states differ widely in the value they place on security. Baldwin similarly argues that security is not the prime value and not even one of the core values equally for all states.⁸⁸ Instead, he suggests that the value a particular state places on security is dependent upon how much security the state already possesses. In other words, the more security a state already enjoys, the less it will rate an increment of security. Baldwin further contends that security should be regarded as one of numerous policy objectives, competing for allocation of scarce resources, where the pursuit of security requires the sacrifice of other goals. Thus, according to his position, security is subject to the law of diminishing returns: “rational policy-makers will allocate resources to security only as long as the marginal return is greater for security than for other uses of the resources.”⁸⁹ This means that states will allocate their resources to security until they will see more benefits stemming from gaining greater security than from achievement of other, non-security objectives.

Those who have displayed a critical attitude towards realist assumptions also point to the fact that realists have had a tendency to narrow down security studies to issues related to “the threat, use, and control of military force”⁹⁰. The central or even exclusive attention devoted to the military dimension of security is a consequence of realist assumption that in the global politics led by the search for power and security states must accumulate the means of violence in the pursuit of self-preservation.⁹¹ However, as Müller argues, such a narrow approach to the security issue is “misplaced, at least in the age of complex interdependence”⁹². He further stresses that “other aspects relating to human life are as important in security terms: the availability of economic resources, stability, institutions and relations to provide for an adequate level of welfare (‘economic security’), the integrity of the systems that supply and process information on which modern society is dependent (‘information security’), and the natural environment as the basis for all life, but also the supplier of resources on which societies and

⁸⁸ Baldwin argues that viewing security as the prime value or one of the core values for states would not explain and justify why states allocate a part of their resources to the fulfillment of other goals.

⁸⁹ Baldwin, op. cit., p.19-20.

⁹⁰ Ibid., p.16.

⁹¹ Scott Burchill. “Realism and Neo-realism.” in *Theories of international relations*. Scott Burchill and Andrew Linklater (eds.) New York : Palgrave, 2001, p. 86.

⁹² Müller, op. cit., p.369.

states thrive ('environmental security')"⁹³. Similarly, Buzan suggests viewing security as an issue embracing a number of dimensions. Besides traditional military aspect of security he acknowledges political, economic, social and environmental dimensions of this issue. According to his stance, military security can be defined as "the two-level interplay of the armed offensive and defensive capabilities of states, and states' perceptions of each other's intentions". Political security in turn regards "the organizational stability of states, systems of government, and ideologies that give them legitimacy". Further on, the economic dimension of security concerns "access to the resources, finance and markets necessary to sustain acceptable levels of welfare and state power". The societal security refers to "the sustainability, within acceptable conditions for evolution, of traditional patterns of language, culture, and both religious and national identity and custom". Finally, environmental security relates to "the maintenance of the planetary biosphere as the essential support system on which all other human enterprises depend"⁹⁴. Admittedly, Buzan specifies only the above mentioned dimensions of security, but he acknowledges that international security is not necessarily limited to those and may embrace other forms as well.⁹⁵

Another realist assumption regarding the hierarchy of issues in world politics, headed by the matters related to the military security, was called into question by Robert O. Keohane and Joseph S. Nye.⁹⁶ The two scholars have pointed to one of the basic principles of complex interdependence which says that the agenda of interstate relations embraces multiple issues, which are not arranged in a clear and consistent hierarchy.⁹⁷ This stance is in accordance with the liberal view on the significance of various issues in the interstate relations. Adherents of the idea of complex interdependence further argue that as foreign policy agendas have become significantly larger and more diverse, all their constituent parts can no longer be subordinate to military security. Thus they contend that in contemporary reality military issues do not prevail anymore over other questions in inter-state relations. It is also argued that the significance of military security in relation to other security sectors has been decreasing, as "among industrialized, pluralist countries, the perceived margin of safety has widened: fears of attack in general have declined, and fears of attacks *by one another* are virtually nonexistent"⁹⁸. Countries

⁹³ Ibid., p.369.

⁹⁴ Buzan. "Is international..", op. cit., p.35.

⁹⁵ Ibid., p.34.

⁹⁶ Keohane, Nye, op. cit., p.718.

⁹⁷ Ibid., p.719.

⁹⁸ Ibid., p.722.

often focus on the achievement of goals different from the maximization of their power in terms of military capabilities; another kind of pursuits, such as economic or ecological welfare, are gaining on importance.

The changing conditions of international politics influence as well the perspectives on how one should deal with security matters. It is argued that “security issue is becoming (or perhaps one should say, is finally being recognized as) increasingly one involving interdependence”.⁹⁹ Beck argues that concurrent threats show no consideration for national or other boundaries; instead, they present themselves as largely deterritorialized, and hence difficult to be dealt with at the level of national states.¹⁰⁰ Similarly, Buzan stresses that “common problems transcend national boundaries (...) and the state system is maladapted to deal with them”.¹⁰¹ As a result of these developments states can no longer easily pursue the policy of national security “in the traditionally preferred fashion of seeking unilaterally to reduce their vulnerabilities to outside pressure”.¹⁰² Instead, it is argued that the contemporary circumstances often create pressure on states to increasingly rest on collaborative measures and deal with threats as with multilateral international issues.¹⁰³ This is in accordance with the liberal suggestions and the notion of ‘collective security’. It is argued that international cooperation may be particularly desirable when the scale of a problem exceeds the capabilities of single actors to effectively deal with the issue by themselves. Thus – unlike in the realist theories - security cooperation is perceived not only as an admissible solution, but in many cases also as an advisable response to the developments of the international system.

Critics of the realist approach to international relations have been undermining its core assumption that “states act as coherent units and are the dominant actors in world politics”.¹⁰⁴ The approach focused on states as the sole objects relevant in analyzing international politics was questioned inter alia by Keohane and Nye, Beck and Buzan, though each of them had essentially different vision of how this perspective should be enhanced and completed.

Pluralists, or adherents of the theory of complex interdependence, argue that states are not the sole actors in the international system, and that other actors may affect world politics as well. Thus for instance the realist perception of the international economy as a distinct system

⁹⁹ Rothstein, op. cit., p.341.

¹⁰⁰ Ulrich Beck. “Cosmopolitical realism: on the distinction between cosmopolitanism in philosophy and the social sciences.” *Global Networks* 4 (2), 2004, p.138.

¹⁰¹ Buzan. “Is international..”, op. cit., p. 340.

¹⁰² Ibid., p.43.

¹⁰³ Ibid., p.43.

¹⁰⁴ Keohane, Nye, op. cit., p.718.

which cannot affect behavior of states becomes questioned. Actually, the idea of complex interdependence rests on a conviction that economic actors, such as multinational corporations, take decisions that may conflict with pursuits of particular states.¹⁰⁵ These actors are particularly important also because “they act as transmission belts, making government policies in various countries more sensitive to one another”.¹⁰⁶ Thus, in contrast to realism, pluralists argue that acts and decisions of economic actors may impinge on foreign relations. What is more, Keohane and Nye suggest that the dynamics in the international arena are evoked not solely through relations between particular states, as realists assume. Instead, similarly to adherents of the sociological liberalism, they broaden this perspective to other channels of influence, embracing inter alia formal as well as informal ties between governmental and nongovernmental elites and transnational organizations. In addition to interstate relations constituting the only channel of influence acknowledged by realists, the adherents of complex interdependence distinguish transgovernmental and transnational links. Specifically, pluralists suggest to relax the realist assumption that states act coherently as units and acknowledge the existence of transgovernmental relations, and further, to relax the assumption that states are the sole units and this way recognize transnational channels as well.¹⁰⁷

The state-centric perspective has also been criticized by Beck, who regards this approach as an inadequate due to the existing “cosmopolitanization of reality”. He depicts cosmopolitanization as a multidimensional process of increasing “interdependence of social actors across national boundaries as an unintended and unforeseen *side effect* of actions that have no normative ‘cosmopolitan intent’”.¹⁰⁸ In everyday life the most banal side of this process manifests itself by the spread of various transnational lifestyles, cultural symbols, music or even cuisines. However, among other issues, this process also embraces the formation of multiple loyalties, the rise of non-state political actors, and the development of diverse global movements, as well as the rising transnational flows of information, knowledge, money, commodities and people.¹⁰⁹ What is crucial, cosmopolitanization is regarded by Beck as a much broader process than globalization, since the latter constitutes a one-dimensional phenomenon, considered merely in economic terms.¹¹⁰

¹⁰⁵ Nicholson. "International relations..", op. cit., p.99.

¹⁰⁶ Keohane, Nye, op. cit., p.720.

¹⁰⁷ Ibid., p.719.

¹⁰⁸ Beck, op. cit., p.132.

¹⁰⁹ Ibid., p.136,152.

¹¹⁰ Ibid., p. 135-136.

The core of Beck's critic on national perspective is that it considers a national state to be a "self-evident point of departure"¹¹¹ and hence ignores the growing interconnection of social actors across national boundaries in consequence of the cosmopolitanization process.¹¹² Beck argues that national perspective "fails to recognize that political, economic and cultural activity, together with all its known and unknown side effects, knows no frontiers".¹¹³ Therefore, Beck claims that the actually existing removal of boundaries requires a cosmopolitan approach to analysis, which would free itself from national categories in its thinking and research. Such perspective would still maintain the central focus on relations between states, but these relations would be no longer exclusive or monopolizable.¹¹⁴ Beck adds that the cosmopolitan perspective should be interpreted wider than international approach, as "cosmopolitan relations presuppose international relations, but they also transform them by opening up and redrawing boundaries, by transcending or reversing the polarity of the relations between us and others, and not least by rewriting in cosmopolitan terms the relationship between state, politics and nation".¹¹⁵ Thus the cosmopolitan perspective does not call for the abandonment of state and inter-state forms of politics, but rather their transformation, redefinition and completion.¹¹⁶ Such approach would make it possible "to go beyond the current vision of international relations and to analyze the multiple forms of interdependence not only between states but also between other players at various levels of aggregation".¹¹⁷

Barry Buzan adopts a similarly skeptic stance on the perspective embracing solely states for analysis of the international affairs. However, the scholars referred to above reflect upon the adequate perspective for the analysis of the entirety of international affairs, while Buzan focuses on the specific issue of security. What is more, though all of these academics point at the need to move beyond the traditional national approach, each of them views the enhancement of this perspective differently. Keohane and Nye suggested the recognition of multiple channels through which states' politics interact, and acknowledgement of the impact of economic actors on politics. Beck in turn drew attention to the need for the cosmopolitan approach to the international affairs due to the phenomenon of rising interdependence of social actors across

¹¹¹ Ibid., p.143.

¹¹² Similar stance can be found in the liberal theory, in particular in the Sociological Liberalism and in the Interdependence Liberalism.

¹¹³ Beck, op. cit., p.133.

¹¹⁴ Ibid., p.147.

¹¹⁵ Ibid., p.143.

¹¹⁶ Ibid., p.148.

¹¹⁷ Ibid., p.132.

frontiers. Buzan shall take a different stance and focus on various levels, additional to the state level, on which security issue can be analyzed. He shall also point at the broader patterns in which states' security is rooted.

Buzan claims that security phenomenon cannot be approached merely from the single state perspective since "one cannot understand the national security of any given state without understanding the international pattern of security interdependence in which it is embedded".¹¹⁸ Thus, he draws attention to the fact that states do not operate in isolation from each other and therefore their security concerns should be viewed with consideration of their environment. This is due to the phenomenon of interdependence, linking security of states with security patterns existing in their surroundings. To be more precise, Buzan does not discard the state perspective as the wrong and inappropriate one; on the contrary, he still seems to assign states a privileged position in analysis of world affairs. However, he points that this perspective by itself is insufficient to entirely understand security matters. The full spectrum of security question can be comprehended only by looking at the issue from various angles, embracing different levels of analysis. According to Buzan's concept, these levels basically comprise national, regional and global level. This clear hierarchy does not however mean that particular levels of analysis are completely separate; on the contrary, they are actually all needed to comprehend security relations present in the international system. This is because "[n]o one level will, by itself, be adequate to understand the security problem as a whole, and the full meaning of each will only become clear when it is seen in relation to the others".¹¹⁹

An exhaustive security analysis would then require looking at the issue from various angles. According to the analytical framework suggested by Buzan, at the bottom end of the full security spectrum lays a national security level, which refers to the domestic security environment of an individual state. The domestic security is dependent upon the degree of socio-political cohesion of a particular state, which determines whether the state is strong or weak.¹²⁰ This distinction is vital, as weak states with unstable socio-political structures are in general politically fragile and thus have to deal with different and more complicated security problems.¹²¹ Moreover, the internal politics of weak states are often violent and their domestic insecurity may disperse on other states in the region and disrupt their security. Thus one can say

¹¹⁸ Buzan., "People...", op. cit., p.187.

¹¹⁹ Ibid., p. 187.

¹²⁰ This, however, has little to do with the state's economic or military power. Buzan. "Is international..", op. cit., p.45.

¹²¹ Buzan. op. cit., p.200.

that the internal character of a state affects not only its own security, but also security of the region in which it is embedded, and this fact raises the significance of the domestic level in the comprehensive security analysis.

At the opposite end of the complete spectrum of security analysis Buzan places a global level. At this level one can analyze security relations among countries holding significant power. This power extends far beyond their immediate neighbourhood and allows them to impinge on security relations in different parts of the world. In other words, a global level of security analysis refers to relations between world's great powers.

According to Buzan's concept, the space between national and global level is fulfilled by a regional level which "mediates the interplay between states and international system as a whole".¹²² Buzan argues that if this level is neglected, neither the position of local states in relation to each other, nor relations between local states and great powers cannot be comprehended in an appropriate manner. Therefore, a closer look at the essence of the regional level would be worth taking.

1.3 Regional Security Complexes theory

The prominent feature of Buzan's concept of international security is the emphasis placed on the regional level of analysis of security issues, which is related to patterns referred to as Security Complexes.

Actually, there is no generally followed understanding of a term "region" that would tackle the whole agenda of international relations, despite several attempts to establish a theoretical framework, or at least a widely accepted definition, taken by for instance Haas, Brecher, Russett, Cantori and Spiegel.¹²³ Therefore, Buzan neglects to consider the whole spectrum of international affairs in defining a region and focuses on regions in terms of security relations. From such a perspective, he defines a region as *a distinct and significant subsystem of security relations existing among a set of states that are situated in a geographical proximity*.¹²⁴ According to Buzan, existence of regional level ensues from the mechanism that "threats (...) are most strongly felt when they are at close range"¹²⁵, which means that security links are usually

¹²² Ibid., p.188.

¹²³ Buzan. "People...", op. cit., p.189.

¹²⁴ Ibid., p.188.

¹²⁵ Ibid., p.188.

stronger and more intense within particular regions gathering neighboring countries. Buzan further stresses that not all of the countries being a part of a given region have to be bound with a strong and direct security interaction; what's important is that these countries "could easily find themselves caught up in the same pattern of alliance and war"¹²⁶.

Buzan also points at principal elements characterizing regional security patterns; he distinguishes *power relations* and *patterns of amity or enmity* among states. By amity he understands "relationships ranging from genuine friendship to expectations of protection or support", while enmity is interpreted as "relationships set by suspicion and fear".¹²⁷ Naturally, between amity and enmity there is a space of neutrality and indifference. A relation between particular states can be placed in this band either if the character of the relation is too weak to matter, or if patterns of amity and enmity are mixed to the extent that hinders unambiguous definition of the nature of their bond. Amity and enmity patterns may stem from numerous issues, just to mention border conflicts, ideological alignments or deeply rooted, positive or negative, historical links. From Buzan's point of view, these patterns are only partly related to the other element characterizing regional security, namely to power relations. He points that distribution of power is subject to relatively fluid movements, while patterns of amity and enmity are more durable and persistent. Therefore, Buzan insists on treating the two elements as distinct factors in the security problematique.¹²⁸

The existing power relations as well as amity and enmity patterns create formations referred to as *Security Complexes*. A security complex is defined by Buzan as "a group of states whose primary security concerns link together sufficiently closely that their national securities cannot realistically be considered apart from one another".¹²⁹ This definition stresses two things: first, that *security* is the element of international agenda which defines a distinct set, and second, that states constituting this set are characterized by intense interdependence ties. What needs to be stressed is that this interdependence may stem from rivalry as well as from shared interests.¹³⁰

What is worth mentioning, security complexes do not have to be "self-aware subsystems". This means that actors constituting a security complex may be even not aware of its existence. Indeed, usually they will recognize particular links of fear or of support; however they will not fully comprehend and appreciate the whole pattern of security interdependencies of

¹²⁶ Ibid., p.188.

¹²⁷ Ibid., p.189-190.

¹²⁸ Ibid., p.190.

¹²⁹ Ibid., p.190.

¹³⁰ Ibid., p.190.

which they are a part. Therefore, a recognition of a complex is not a precondition for its existence, however if this recognition occurs, it can affect policies of involved actors “by making them more conscious of the larger relational context underlying their specific policy problems”.¹³¹

Buzan distinguishes lower-level and higher-level security complexes. Lower-level, or regional security complexes, are composed of local states whose power does not reach far beyond their immediate neighbourhood, while higher-level, or global security complexes, embrace great powers than can affect security patterns in various regional formations.¹³²

To identify borders of a security complex, one needs to assess the relative strengths of security interdependencies linking different countries, as “[a] security complex exists where a set of security relationships stands out from the general background by virtue of its relatively strong, inward-looking character, and the relative weakness of its outward security interactions with its neighbours”.¹³³ Thus, the complex can be marked out by identifying which security bonds create a sufficiently significant web to point at a distinct subset of overall security relations. The determination of the complex boundaries is not easy, since within a subset constituting a regional security complex stronger and weaker interdependencies are present, which suggests that there are boundaries between more intense nodes of interaction.¹³⁴ Therefore it might be complicated to establish whether weaker security interactions point to the verge of one security complex or simply constitute a boundary between strong nodes of interdependence within the same complex.

What is important, within a security complex a high level of fear or a high level of trust must be felt mutually among states. Boundaries dividing distinct security complexes in turn should be characterized by relative indifference regarding security perceptions.¹³⁵ Buzan

¹³¹ Ibid., p.192.

¹³² Ibid., p.195.

¹³³ Ibid., p.193.

¹³⁴ Ibid., p.192-193.

¹³⁵ Boundaries dividing neighbouring complexes may be occupied by states. These states play a role of insulators which may be either entirely isolated from security dynamics of neighbouring complexes or face security dynamics of both complexes without linking them. Buzan. “People..”, op. cit., p.196.

suggests that economic,¹³⁶ cultural and racial ties may also help determine boundaries of security complexes, but these links are rather secondary to patterns of security perceptions.¹³⁷

However, even if one is guided by the above given criteria, the proper determination of boundaries between particular security complexes may still remain problematic. This can stem from numerous divergent reasons, out of which several will be given as an example.

First, there are states wielding insignificant power that does not actually reach beyond their boundaries. Since these states have “domestically directed security perspectives,”¹³⁸ they do not produce sufficient security interaction among each other to bring a security complex into existence.

Another difficulty in identifying a complex may result from a phenomenon called an *overlay*. The overlay basically means “the direct presence of outside powers in a region [which] is strong enough to suppress the normal operation of security dynamics among the local states”.¹³⁹ This is clearly distinct from the more common phenomenon of great powers’ intervention into local affairs of a particular complex, since in principle intervention reinforces local security dynamics, while overlay may even obliterate them. Thus, under overlay it is difficult to see with clarity what the local security interactions are, and hence it is hard to identify a local security complex.

Next, boundaries running along security complexes are difficult to locate as there may be also a certain security interaction across different security complexes. For instance, there may be some significant though lopsided security interactions between states that belong to adjacent high and low level complexes. This basically means that a great power being a part of a higher-level security complex may penetrate into the affairs of a local complex.¹⁴⁰ In this case we are dealing with a kind of hierarchical (higher-level to lower-level) relations. However, such interactions may also occur between complexes of the same level, which by the way points to the existence of an additional layer that should be taken into consideration in security analysis, namely an intra-regional level comprising complex-to-complex relations. These sometimes

¹³⁶ Buzan claims that economic factors are usually of smaller relevance for defining security complexes, as in general economic relations are not so much conditioned by geographical proximity. However, he admits that economic factors do play a certain role in the condition and possible evolution of security complexes, as they can affect power and stability of states and their cohesion within a complex, prospects for regional integration and interests of external actors in local affairs. Buzan. “People..”, op. cit., p.201-202.

¹³⁷ Buzan. “People..”, op. cit., p.197.

¹³⁸ Ibid., p.197.

¹³⁹ Ibid., p.198.

¹⁴⁰ On the margin one can conclude that patterns of regional security complexes may be influenced not only by local dynamics, but also by pressure from the outside, and what would be an interesting issue here is a question of to what extent these two factors shape the patterns of lower-level security complexes. Buzan. “People..”, op. cit., p. 195.

intense hierarchical and lateral dynamics may further hinder setting the correct dividing line between the two complexes.

To give the last example, some difficulties in distinguishing a complex may occur in situations where “more nodes of security interdependence exist within a group of states which there are also grounds for thinking of as a single complex”.¹⁴¹ Although this definition may seem rather confusing, in reality its essence is very simple and comes down to the assumption that within an overall complex there might be *subcomplexes* characterized by distinct dynamics, and at the same time there are sufficient prerequisites to validate defining a larger formation as the main regional unit.¹⁴² This leads to a broader question of to what extent states should be aggregated in complexes, taking into consideration that there might be always reasons to distinguish smaller subsets within the particular aggregate. Buzan’s concept does not provide any clear guidelines which could suggest an appropriate level of aggregation to deal with particular security matters.

Security complexes may be also tackled in a dynamic manner, if the assumption that these formations can undergo changes is made. A redefinition of a complex is possible if major changes will occur within already mentioned key components of its essential structure: power relations and patterns of amity and enmity. These shifts may take place due to both internal and external incentives.

A change in the essential structure of a complex caused by power shifts that occurred due to internal factors can take place when actors merge or disintegrate, and when this event is sufficiently significant to affect the complex. Further, power shifts can also stem from changing level of development or different growth rates among actors, or alternatively, from changes in the direction of their expenditure. The most obvious example here could be an acquisition of new military technologies or weapons that could easily change threat perceptions of the country’s neighbors and as a result lead to redefinition of the complex.

Power relations in a complex may also change due to external reasons. First, the local dynamics may be affected either when an external power joins the complex, or if it withdraws from the complex. However, one should keep in mind that these changes need to be significant, as the movement of small states may turn out to have no impact on the essential structure of the complex. Further on, external actors may influence power interactions within the complex by providing a direct military support to local states or by upgrading their level of development

¹⁴¹ Ibid., p.199.

¹⁴² Ibid., p.199.

providing them with economic aid. External powers can also entirely overlay the local power dynamics by imposing their direct presence in the whole region.¹⁴³

However, an essential structure of a complex may change also due to shifts in hostility patterns. This can happen mainly as a result of internal factors, for example when existing dispute is resolved or when a new conflict occurs. In general, external actors have much lesser influence on hostility patterns present in the region than they do on power relations. These actors rather tend to reinforce already existing patterns of amity and enmity than to alter them.¹⁴⁴

These dynamics can affect the structure of security complexes in various ways.

First, the complex may maintain the *status quo*. This basically means that the essential structure of a given complex stays fundamentally intact. However, this is not necessarily tantamount to a claim that no changes in the distribution of power and hostility patterns have taken place. It rather suggests that all shifts that have emerged tended, in aggregate, to support the existing structure or, alternatively, to undermine it merely to an inconsiderable extent.

Second, a security complex may undergo an *internal transformation*. The internal transformation takes place when a change of the essential structure of a complex occurs within the outer boundary of the relevant complex. The change can be induced by for instance unification and consolidation as groups within the complex, which prompts shifts in power distribution in the region. In general, shifts in the power relations may lead a complex either towards the greater concentration, or towards the greater diffusion of power, alongside the spectrum between monopolar and multipolar patterns. The internal change can be also caused by shifts in hostility patterns. A full spectrum of various combinations of amity and enmity is suggested by Buzan on the basis of researches conducted by Ole Wæver, Raimo Väyrynen and Robert Jervis. Buzan distinguishes *chaos* as one extreme, where all existing relations are characterized by enmity. Next, he singles out *regional conflict formations*, in which hostile patterns dominate, but amicable bonds may also exist. Further in the spectrum he marks out *security regimes*, where a group of states cooperates to manage their conflict in a peaceful manner. At the opposite end of this spectrum there is a *security community*, in which all the disputes are managed and resolved in a way that no state fears of being attacked by others. Thus internal transformation of a security complex may occur as a result of hostility patterns changing along the above described axis.¹⁴⁵ However, one should keep in mind that there are core and

¹⁴³ Ibid., p.211-213.

¹⁴⁴ Ibid., p.214.

¹⁴⁵ Ibid., p.218.

secondary hostilities, and usually only shifts in core hostilities can lead to the complex transformation. Changes in secondary amity and enmity patterns tend to occur without disrupting the fundamental structure of security complexes.

Third, a complex can be subjected to an *external transformation*. The external alteration occurs when the outer boundary of the complex is either expanded or contracted. The essential structure of a complex may stay unaffected if adjustments to the boundary are minor, however addition or deletion of major states from the complex will almost certainly influence fundamental power relations and hostility patterns in the region.

Finally, an essential structure can undergo transformation in consequence of an *overlay*, which means that an external power moves directly into the local complex and suppresses the regular security dynamics of the region. The overlay may take an imperial form, but it can also occur by consent of local states in cases when they fear some other external power or when they are concerned about potential development of the unrestrained operation of their own local security dynamics.¹⁴⁶

Buzan's concept of Regional Security Complexes emphasizes several points. First of all, the scholar points that security of a state is not a matter isolated from the dynamics occurring in the state's neighborhood. On the contrary, state security is a part of a wider pattern of security interactions. Specifically, states located in a geographical proximity are believed to be tied with security interdependencies, binding them into formations referred to as security complexes. Since these interactions and interdependencies are bound to be stronger and more intense between approximate states, a regional perspective is suggested as a relevant level to analyze security issues. Furthermore, Buzan argues that patterns of amity and enmity constitute a prominent feature of security complexes, and hence stresses the significance of perceptions in security matters.

¹⁴⁶ Ibid., p.216-220.

1.4 Energy issue as a part of security problematique

1.4.1 The concept of the energy security

As a concept, energy security has evoked stormy debates. However, these discussions did not result in any unequivocal definition, which could explore and embrace the full picture of the phenomenon. Actually, definitions of the energy security frequently came down to “the need to secure sufficient supply at reasonable price for energy”.¹⁴⁷ In fact, most academics produced conceptualizations of the energy security which were supply-oriented and limited to economic aspects of the phenomenon. This approach has been subject to criticism as being too narrow.

The narrow interpretation of energy security was criticized inter alia by Mikko Palonkorpi, a researcher specializing in energy politics from the Aleksanteri Institute at the University of Helsinki, who argued that one needs to consider both economic and political aspects of the issue.¹⁴⁸ Moreover, he emphasized that energy security is not a matter of concern solely for consuming states, and hence the perspective of energy producers should be also employed in the energy problematique.

Indeed, “[t]here are two sides to the energy security coin: security of supply and security of demand.”¹⁴⁹ This suggests that energy security constitutes an issue for both energy producers and energy consumers, though it is perceived in different terms by each side. Concerns of energy importing states focus on securing sufficient supplies while concerns of energy exporting states regard security of demand and sufficient access to markets, since these factors allow them to ensure an adequate level of national revenues.

Various aspects of the energy security issue provide a broader area to deliberate on. Generally, the academic research embraces two main schools of thought emphasizing either economic or political facets of the energy issue. The first school is labeled as “liberal” by Christian Constantin, a researcher at the Center of International Relations in Vancouver. This perspective rests upon assumption that energy constitutes an ordinary commodity being subject

¹⁴⁷ Mikko Palonkorpi. “Energy Security and the Regional Security Complex Theory”, Aleksanteri Institute/University of Helsinki, p.1.

<http://www.sam.sdu.dk/politics/nisa/papers/palonkorpi.pdf> [10.01.2008].

¹⁴⁸ One can argue that energy security issue embraces multiple dimensions. For instance environmental aspects of energy problematique are inter alia related to environmental consequences of exploitation, transport and consumption of energy. However, this thesis focuses on economic and political aspects of the energy security issue, and hence other dimensions of the phenomenon are not going to be explored.

¹⁴⁹ Arne Walther. “The international energy forum and Energy Security&Stability” in *Proceedings of the NATO Advanced Research Workshop on Emerging Threats to Energy Security and Stability*. Hugo McPherson, W. Duncan Wood, Derek M. Robinson (eds.) London: Springer, 2005, p.77.

to the same market rules as all other goods. Therefore, energy security is ensured by market mechanisms which naturally balance energy supply and demand.¹⁵⁰ Taken this purely economic perspective as a point of departure, energy security could be interpreted as a “completely market driven quest for equilibrium between energy supply and demand”.¹⁵¹ This interpretation entails that the key actors in the energy area are international energy companies. As a result of these assumptions, energy security does not require political framework to be dealt with by states’ governments.

The other school of thought is called by Constantin a “realist” or “strategic” perspective, where energy security “is viewed mainly as a struggle to control the sources of a strategic energy resource, oil.”¹⁵² Hence this stance stresses the political facet of the energy issue and views energy security as “a completely state driven geopolitical competition for energy resources, transit routes and so forth”.¹⁵³ This approach questions the confidence in the market forces when energy issue is involved. In consequence, the role of governments as the main actors in energy area increases at the expense of international energy companies. According to this stance, states should pursue policies aimed at increasing their energy security, which could embrace maintaining certain energy reserves or diversifying suppliers and energy sources.¹⁵⁴

However, one may argue that these two divergent approaches can be combined. Energy security may be viewed as the issue involving both economic and political dimensions. Taking the perspective of an energy importing state as a point of departure, one cannot deny that energy security is to a large extent dependent upon ensuring sufficient supplies. However, one should look at the issue in broader terms and recognize that relations between energy exporting and importing states lead to a creation of dependency links, which may have both economic and political repercussions. In fact, along with recent developments in the international arena, dependency interactions gained more on political meaning. This manifests itself inter alia through the active involvement of governments in the energy area. Moreover, in the face of growing dependence of some states on energy resources cumulated in few areas, the risk of using energy as an instrument of political pressure became a considered scenario.¹⁵⁵ Actually,

¹⁵⁰ Christian Constantin. “China’s Conception of Energy Security: Sources and International Impacts.” Center of International Relations, Working Paper No. 43, March 2005, p.3-4.
http://www.iir.ubc.ca/site_template/workingpapers/Constantin-WP43.pdf [19.02.2007].

¹⁵¹ Palonkorpi, op. cit., p.5.

¹⁵² Constantin, op. cit., p.3.

¹⁵³ Palonkorpi, op. cit., p.5.

¹⁵⁴ Constantin, op. cit., p.4.

¹⁵⁵ Palonkorpi, op. cit., p.2.

the fact that energy dependency constitutes a relation which may cause the occurrence of certain economic and political risks is stressed by Palonkorpi, who argues that the energy security issue often combines variety of economic-political-security aspects.

1.4.2 Securitization of the energy issue

It is crucial to stress that dependency ties formed between energy importing and energy exporting states do not necessary need to be viewed in negative terms. Some states do not perceive lack of their self-sufficiency in energy as a source of potential threats. “Some would argue that dependency on others in so important and strategic area as energy constitutes a political and economic risk that should be reduced to a minimum if it cannot be avoided altogether. Others would argue the more positive vision: such dependency can serve as a drive to improve relations between countries and to stabilize the geopolitical climate overall.”¹⁵⁶

Therefore, the phenomenon of dependency does not need to be negative by definition. The character attributed to a given energy dependency is actually dependent upon the process of *securitization*. Securitization means that certain “issues are presented as existential threats to the referent object”.¹⁵⁷ Thus, a particular dependency relation will be attributed a negative character if it is securitized (presented as threatening). What is important, issues that do not constitute an objective threat may also be subject to securitization. This stresses once more the significance of perceptions in security matters.

If one refers the concept of securitization to the energy area, at first one could mistakenly assume that market based energy transactions are tantamount to the ‘normality’ and view any movement away from this pattern as a step towards securitization. “However, reality is more multidimensional, since there is a large degree of political (state) intervention into energy markets that is considered to be a “normal state of affairs” and *not* an example of securitization”.¹⁵⁸ Hence it is important to realize that approaching the issue merely from the economic perspective does not automatically exclude the possibility of securitization. Securitization may regard both economic and political aspects of the issue. When energy issues are viewed rather as an economic question, the securitization shall embrace supply and demand axis, focusing on reasonable prices of energy and prevention of interruptions in energy

¹⁵⁶ Walther, op. cit., p.77.

¹⁵⁷ Palonkorpi, op. cit., p.12.

¹⁵⁸ Ibid., p.12.

deliveries. In this case the main securitizing actors are likely to be international energy companies. If in turn energy issue is mainly perceived in political terms, the securitization is bound to focus on different political aspects of energy dependency where referent object is likely to be the state sovereignty.¹⁵⁹ If the political aspects dominate the securitization, the main securitizing actors are likely to be states.¹⁶⁰ Still, in the energy area a significant role is played by hybrid actors such as state-owned or state-controlled energy companies.¹⁶¹ Indeed, this field is characterized by blending interests of states and energy companies, which constitutes another argument for acknowledging both economic and political aspects of the energy issue.

Palonkorpi suggests that politicization or securitization of energy is dependent upon the kind of energy resources: the frequency of their appearance, their geographical location and possible means of their transportation. He argues that renewable energy resources are unlikely to be subject to securitization. This is due to the fact that they are usually domestically produced and hence do not create dependency relations which could be politically used by outside actors. The natural gas in turn is viewed as a resource which is likely to be used for political purposes. This mainly stems from the fact that the transportation of natural gas is still to a large extent dependent upon pipeline infrastructure and hence states have limited possibilities to rapidly adjust importing and exporting patterns. Therefore, the features of this resource make it more prone to the securitization.¹⁶²

What is more, information on availability of resources also plays a role in the process of securitization. Alongside with the gradual exhaustion of existing energy deposits, reliable estimates of still available amount of resources and of energy production and consumption are gaining on significance. Thus energy scarcity combined with the lack of reliable information provides more possibilities for securitization of energy issues, while reliable and transparent information decreases chances for securitization.¹⁶³ Since the authenticity of such estimates cannot be verified, one may argue that energy issue is bound to be subject to the securitization process.

¹⁵⁹ Ibid., p.12-13.

¹⁶⁰ Ibid., p.13.

¹⁶¹ Ibid., p.13.

¹⁶² New technology of the liquefied natural gas (LNG) has been developed which could challenge the regional character of gas markets, however the LNG substance is more difficult and expensive to transport and it requires construction of the expensive LNG delivery and liquefaction infrastructure, and hence in the nearest future it is not likely to globalize gas markets. Palonkorpi, op. cit., p.4 and 9.

¹⁶³ Ibid., p.14.

1.4.3 The concept of the Regional Energy Security Complexes

Since energy issue may be viewed as a matter of security, one may incorporate the energy security concept into the theoretical framework suggested by Barry Buzan. In such case energy would be perceived as “the attribute”¹⁶⁴ that determines a particular set of states building a security complex. Such approach was taken by Mikko Palonkorpi, who developed the concept of Regional Energy Security Complexes on the basis of Buzan’s theory.

Palonkorpi defined the *Regional Energy Security Complexes* as patterns “formed by energy related interactions between two or more states in a limited geographical area, which include an energy dependency relationship between the states involved and perception of this dependency as a threat.”¹⁶⁵ In this definition distribution of energy resources and energy dependencies constitute a counterpart of the distribution of power in classical, Buzan’s security complexes, while the perception of this dependency in positive/neutral or negative terms is equivalent to hostility patterns in Buzan’s concept.

Hence energy security complexes are formed as a consequence of energy-related interactions between states, including export, import and transit of energy. These interactions are believed to generate energy dependencies within a region, which bind states into an energy security complex. Thus the appearance and relative strength of energy dependencies constitute a prominent feature allowing to identify a security complex. However, to assess the actual strength of a given dependency, one needs to consider both the level of dependency on the exporting country and the energy mix of the importing country. In other words, figures picturing the level of dependence on a particular resource coming from the exporting country must be weighted against the real share of this energy resource within overall energy consumption in the importing state.¹⁶⁶ Only then one can gain a complete and adequate picture of the dependency situation.

Equally important factors that determine security complexes are enmity and amity patterns, which may strongly influence the way an energy relation is perceived. The perceptions of a given energy dependency may range from a mutually beneficial interdependency to an unequal and threatening dependency. Palonkorpi suggests to term formations characterized by

¹⁶⁴ Buzan. “People..”, op. cit., p.190.

¹⁶⁵ Palonkorpi, op. cit., p.3.

¹⁶⁶ Ibid., p.3.

negatively perceived energy dependencies as *energy security complexes*, whereas groups of states with positive perception of existing dependencies as *energy security communities*.¹⁶⁷

Palonkorpi argues that “the amity and enmity patterns can be seen as factors that partially explain why certain energy dependencies are politicized and/or securitized when others are not”.¹⁶⁸ In fact, “energy dependency is politicized or securitized more easily if it is linked to other controversies or conflicts (*enmity*) between states”.¹⁶⁹ As a result, hostile relations generally lead to relatively fast securitization of an existing dependency, while amicable relations will rather prevent the dependency from being securitized. This suggests that energy security complexes are bound to follow already existing patterns of security interdependence in the region.

What is worth stressing, the reference to the “limited geographical area” in Palonkorpi’s definition might be questioned, as in general even geographically remote states may be connected into a chain of energy interdependence through extensive pipelines network. What is more, crude oil can be easily transported even without a fixed and permanent transportation infrastructure, and new LNG technologies are being developed to enable the transport of natural gas even over long distances.¹⁷⁰ On the other hand though, in empirical terms adjacent states often turn to be tied with stronger and more intense dependency links, proving this way the validity of the reference to the “limited geographical area” in the definition.

Similarly to Buzan’s concept, energy security complexes are also assumed to be subject to potential structural changes. These changes may occur either in consequence of shifts in the energy dependency level, or as a result of changing perception of this dependency. Still, some of these changes may be insufficient to transform the security complex, and in these cases the structure of the complex will maintain the *status quo*. When certain energy undertakings will in turn lead to a significant change in dependency patterns within the region, a complex will undergo an *internal transformation*. Further on, a complex can undergo an *external transformation*. Such a shift happens when in consequence of major strategic infrastructural projects (for instance new pipelines) a significant amount of energy resources enters into the complex from the outside, causing shifts in overall energy dependency patterns and broadening the boundaries of the complex through inclusion of new states. Both internal and external

¹⁶⁷ Ibid., p.7.

¹⁶⁸ Ibid., p.5.

¹⁶⁹ Ibid., p.7.

¹⁷⁰ Ibid., p.4.

transformations have in common the occurrence of certain changes in dependency relations in the complex. These changes, however, preserve the general multi-polar character of the complex. In case when particular energy projects limit the multi-polarity in favor of one particular state which enjoys a monopolist position in energy transportation, or which is practically the only energy supplier (or a customer) in the complex, then we are dealing with an *overlay*.¹⁷¹ In general terms, “more the structure of the complex is tilted towards unipolarity, more degree of dependency within the complex, whereas more the structure is towards multipolarity, the more degree of interdependency within the complex”.¹⁷²

At this point it is worth to shortly deliberate on certain considerations regarding the security complexes concept, as well as on the linkages between the Energy Security Complexes and the general Regional Security Complexes theory. Should one perceive a regional security complex as a formation built on the basis of interactions between states in all security sectors (economic, political, military, social, environmental etc.), or should one construct separate complexes for each of these issues? On one hand, one could argue that each security sector produces premises which affect the overall security situation of the region and influence general (inter)dependency ties between states. This claim could be supported by an argument that currently different issues, just to give economic and political ones as the most explicit example, become interrelated in international affairs. On the other hand though, considering strictly political affairs one would probably point at a certain group of strongly interacting states, which would not necessarily be the same when considering environmental interactions. This would cause problems in setting the factual boundaries of a complex. Therefore, Palonkorpi suggests a distinction between homogeneous and heterogeneous security complexes. “Homogeneous security complexes are formed by interaction of similar actors within one of the security sectors”.¹⁷³ In other words, all (inter)dependencies present in a complex are caused by threats springing from the same security sector. In heterogeneous security complexes in turn, “different kinds of actors interact across several sectors of security”.¹⁷⁴ Therefore, heterogeneous security

¹⁷¹ Ibid., p.10.

¹⁷² Ibid., p.10.

¹⁷³ Ibid., p.17.

¹⁷⁴ Ibid., p.17.

complexes are exposed to dependencies springing from different security sectors. Hence if one adopts the stance of separate, homogeneous security complexes, then one should perceive energy security as a distinct security sector constituting a base for building a distinct complex. In this case a further question of analytical choice arises whether to deliberate on separate energy complexes for each kind of energy resource, or whether to construct one common complex for all energy resources in aggregate.¹⁷⁵ In case one approaches the energy security from the perspective of heterogeneous security complexes, then energy security interacts with other security sectors and in consequence forms a common security complex. Since energy issue combines economic and political dimensions, energy security may be actually perceived as a cross-sectoral or inter-sectoral question.¹⁷⁶

Moreover, it is worth to shortly reflect upon the light the two major International Relations theories presented earlier in the theoretical section shed on the concept of Regional Energy Security Complexes. Palonkorpi highlights that dependency ties existing within a particular security complex may be viewed either in positive or in negative terms. If this idea is referred to the realist and liberal perspective, it can be said that liberals basically do not view increasing interdependence between various actors as a source of potential threats. On the contrary, they perceive the rising international interdependence as a phenomenon which actually diminishes the probability of conflicts and prompts states to the peaceful cooperation. Henceforth, if energy dependencies between exporting and importing states are viewed from the liberal angle, perhaps they will not become securitized. If in turn the growing dependency should be interpreted through the realist prism, which views interstate relations as characterized by mutual mistrust and fear, the dependency will be most likely perceived as a source of threats. This again highlights the subjective facet of security matters: some issues or events are proclaimed security questions because they are perceived as such by securitizing actors, and not because they constitute an objective threat to acquired values.

¹⁷⁵ Ibid., p.3.

¹⁷⁶ Ibid., p.17.

II. Analytical part

Overview

2.1 The energy situation in the European Union – an overview

2.1.1 The energy situation in the EU in numbers

The present picture of energy situation in the European Union results from a clash of different internal and external factors, related to the energy issues. These factors, inter alia, include the amount of energy deposits at the disposal of the EU countries, the group's internal energy demand, the energy mix of particular EU member states, level of dependency on external energy deliveries, the EU's current energy agreements with external suppliers, etc. Hence, one could say that the energy situation in the European Community is on one hand affected by the gap between the EU's demand for energy and the factual amount of energy resources possessed by the EU states, and on the other hand by the EU's energy security policy, including both its internal and external dimension.

At present, the energy use of the Union's 27 member states constitutes 15,9% of the world's overall energy consumption.¹⁷⁷ All of them have in common a prevalence of fossil fuels and relatively high reliance on gas and oil imports.¹⁷⁸ Indeed, the Congressional Research Service¹⁷⁹ confirms that, "in 2005, about 80% of the energy consumed within the EU was from fossil fuels."¹⁸⁰ By the numbers, "the EU members as a whole possess approximately 0.6 % of the world's proven oil reserves and 2% of the world's proven natural gas reserves."¹⁸¹ However, these possessed resources have been able to fulfill only a small part of energy demand declared

¹⁷⁷ Eurostat statistics 2007 in: *EU energy in figures*, European Commission, Directorate-General for Energy and Transport (DG TREN), p.78.

http://ec.europa.eu/dgs/energy_transport/figures/pocketbook/doc/2007/2007_energy_en.pdf [02.04.2008].

¹⁷⁸ Oliver Geden, Clemence Marcelis and Andreas Maurer. "Perspectives for the European Union's External Energy Policy. Discourse, Ideas and Interests in Germany, the UK, Poland and France." SWP Working Paper FG 1, Berlin, December 2006, p.2.

¹⁷⁹ *The Congressional Research Service* is a division of the Library of Congress, which provides high-quality research (reports, statistics and analyses) for members of the U.S. Congress.

¹⁸⁰ Paul Belkin. "The European Union's Energy Security Challenges." Congressional Research Service, Report for Congress, Washington DC., May 2007, p.5.

<http://www.fas.org/sgp/crs/row/RL33636.pdf> [26.02.2008].

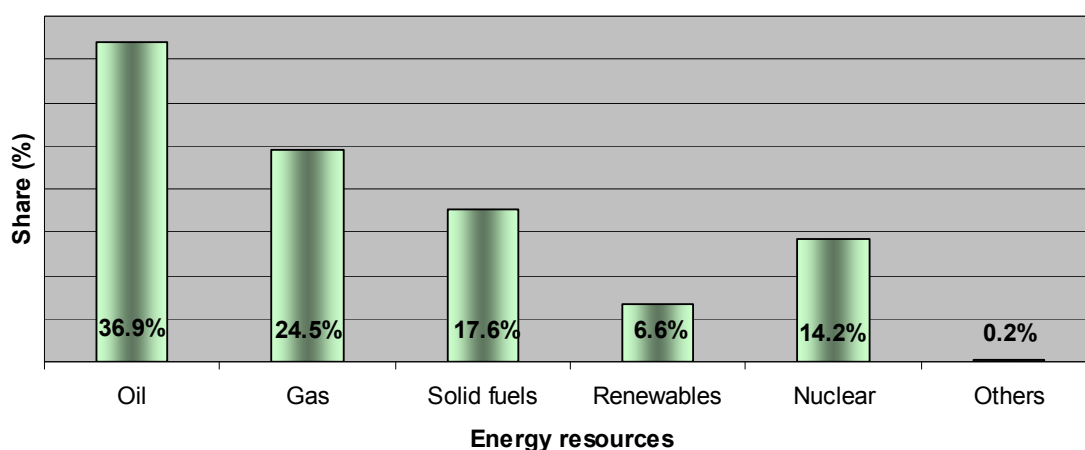
¹⁸¹ Energy Information Administration. Official Energy Statistics from the U.S. Government. Country Analysis Briefs: European Union.

http://www.eia.doe.gov/emeu/cabs/European_Union/Energy.html [25.02.2008].

by the European member states. With time, constant economic development of the European member states as well as consecutive enlargements of the European Community resulted in further growth of energy demand and consequently in gradual increase of import from energy rich countries.

The energy mix of the EU as a whole is characterized by the prevalence of two fossil fuels: gas and oil. They both constitute about 60% of the internal energy consumption within the EU.

Figure 1. Energy mix EU - 27 (2005)



Source: Eurostat statistics 2007 in: *EU energy in figures*, European Commission, Directorate-General for Energy and Transport (DG TREN)

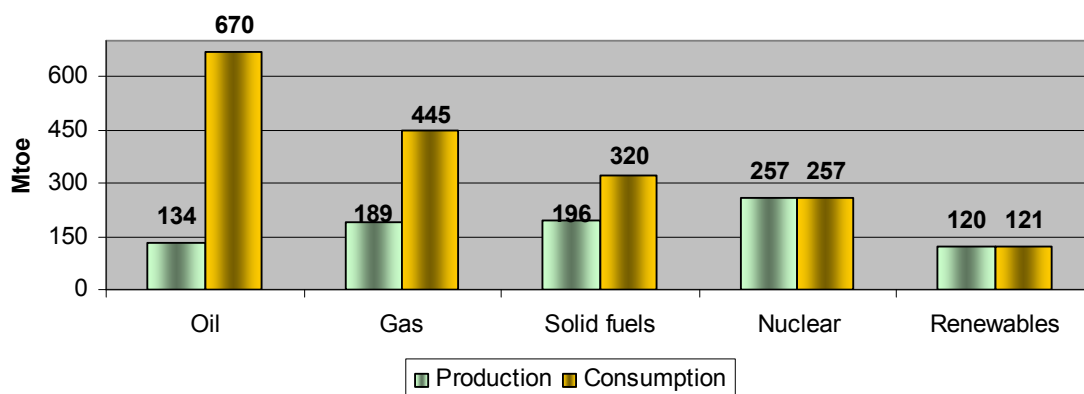
Only the United Kingdom, the Netherlands and Denmark possess some oil and gas resources which to some extent satisfy their domestic demand, the rest of the EU is highly dependent on energy imports.¹⁸² In case of oil, the EU is heavily relying on external energy deliveries. When it comes to gas, the EU satisfies its domestic consumption in almost 50% from its own production, whereas the other 50% is imported from three external suppliers.¹⁸³

¹⁸² Eurostat statistics 2007 in: *EU energy in figures*, European Commission, Directorate-General for Energy and Transport (DG TREN), p. 13.

http://ec.europa.eu/dgs/energy_transport/figures/pocketbook/doc/2007/2007_energy_en.pdf [02.04.2008].

¹⁸³ Belkin. op. cit., p. 6.

Figure 2. Energy production and consumption EU - 27 (2005)



Source: Eurostat statistics 2007 in: *EU energy in figures*, European Commission, Directorate-General for Energy and Transport (DG TREN)

Europe imports these resources from the largest energy suppliers like Russia, Norway, the Middle East, and North Africa where only Russia and the Middle East together stay at disposal of approximately 70% of global supplies in both oil and gas.¹⁸⁴ The biggest share in both oil and energy deliveries holds Russia; its share in the EU's imports reaches about 29,9% and 45,1% respectively. Second place in these energy deliveries to the EU possesses Norway with 15,5% share in oil import and 24,1% of gas.¹⁸⁵ The shares of particular energy providers in the total European import are presented on the table below.

Table 1. Oil and gas imports EU – 27 (2005)

Oil imports		Gas imports	
	2005		2005
Russia	29.00%	Russia	45.10%
Norway	15.50%	Norway	24.10%
Saudi Arabia	9.70%	Algeria	20.60%
Libya	8.00%	Nigeria	4.00%
Iran	5.60%	Libya	1.90%
Other, Middle East	4.80%	Egypt	1.80%
Kazakhstan	4.20%	Qatar	1.80%
Algeria	3.60%	Oman	7.00%
Other Origin	18.70%	Other origin	0.00%

Source: Eurostat statistics 2007 in: *EU energy in figures*, European Commission, Directorate-General for Energy and Transport (DG TREN)

¹⁸⁴ BP Statistical Review of World Energy June 2007, p. 6; 22.

http://www.deutschebp.de/liveassets/bp_internet/germany/STAGING/home_assets/assets/deutsche_bp/broschueren/statistical_review_of_world_energy_full_report_2007.pdf [07.04.2008].

¹⁸⁵ Eurostat statistics 2007. op. cit., p.14.

As a result, the energy consumption profile of the European Community indicates that “the EU is a net importer of energy.”¹⁸⁶ Today, the EU as a whole covers its energy demand to a large extent by imports, in particular by 82,3% in case of oil and 57,6% in case of gas.¹⁸⁷

On the basis of past dynamics of the EU’s energy demand, it is estimated that “[European] dependence on imported energy sources, particularly natural gas, is expected to grow substantially in the coming decades.”¹⁸⁸ It is also predicted that by 2030, the EU’s energy needs will be satisfied in 70% by import.¹⁸⁹ Moreover, the forecasts reveal that within the next 25 years, the natural gas consumption in the EU will become twice as high as its current level. Therefore, the future gas import for the EU is expected to exceed 80% by 2030.¹⁹⁰ This short characteristic of present energy demand submitted by the European states as well as some prognosis on the future trends in energy consumption within the EU confirm constant growth of the energy demand and hence, an increasing dependence of the EU on foreign fossil fuels supplies, in particular on gas and oil.

2.1.2 The external energy policy within the European Union

The alarming energy-related statistics justify ranking the energy security issues high on the EU agenda. The EU’s growing dependence on external energy resources has evoked the need to respond suitably to this situation by engaging a certain array of tools.

Indeed, there have been certain efforts made within the EU to create the Common European Energy Policy as one of these tools.¹⁹¹ It is argued that since energy issue has moved towards more political questions, including inter alia diversification of suppliers and transit routes, the need for a common European approach and single voice has risen to the surface with

¹⁸⁶ Energy Information Administration. op. cit.

¹⁸⁷ Eurostat statistics 2007. op. cit., p.13.

¹⁸⁸ Commission of the European Communities. *Green Paper. A European Strategy for Sustainable, Competitive and Secure Energy*. Brussels, 8.3.2006, p.3.
http://ec.europa.eu/energy/green-paper-energy/doc/2006_03_08_gp_document_en.pdf [3.02.2008].

¹⁸⁹ Belkin. op. cit., p.5.

¹⁹⁰ Ibid., p. 6.

¹⁹¹ The European Energy Policy focuses on various aspects, including environment, competitiveness, security of supply, etc. It can be said that it has internal and external dimensions. Internal aspects are inter alia related to the functioning of Internal Energy Market, increasing energy efficiency, increasing share of renewable energy in the overall energy mix of the EU, limiting CO2 emissions, etc. External aspects in turn regard “speaking with one voice” on energy issues in the international arena, diversification of energy suppliers and transit routes, as well as developing energy cooperation with the EU’s suppliers. In this thesis we will discuss only the external dimension of the EU’s energy policy, since only this aspect refers to our analysis. According to the prior assumptions, the potential influence of some internal aspects of energy policy, like attempts to shape the energy mix or the level of internal demand of the Union, on the EU-Russia relations and dependency ties, will not be considered.

intensive strength. It is argued that lacking this particular tool, the EU deprives herself of “using [...] foreign policy instruments and relationships to secure [...] energy interests.”¹⁹² Admittedly, the external aspects of the energy security policy, including relations with rich in oil and gas countries, have already been attributed certain significance. Indeed, “European governments and European Commissioners routinely stress their belief that Europe’s energy predicament is acute and cite energy security as a priority issue for the Common Foreign and Security Policy.”¹⁹³ This suggests the rising awareness of the necessity to react on the situation jointly. What is more, it points at the fact that the energy issue involves activities taken both in the frames of EEP and CFSP. However, relatively slow pace has been accompanying the process of creation of a credible European external energy policy, in particular ““solidarity and trust, (d)ialogue and practical co-operation””¹⁹⁴, which is needed to stop “the defense of narrow, national interests at the expense of broader, European interests.”¹⁹⁵

The EU’s jurisdiction to energy issue has been remaining subject to limitations stricter than these imposed on national energy policies. Its weak formal competencies have been mainly related to a package of extensive horizontal policy aims embracing promotion of the rational use of energy and reduction of Europe’s oil import dependency. “For almost 30 years, the EU energy policy has in principle been confined to the narrow fields of nuclear energy and coal, deriving its authority from the treaties on the *European Coal and Steel Community* (ECSC) and on the *European Atomic Community* (Euratom).”¹⁹⁶ Indeed, the provisions in these treaties concerning energy area were substantial for the Member States since they supported their already broad influence. Subsequently enacted treaties have not awarded greater power to the EU. The creation of the energy chapter in the following deeds: *the Treaty on the European Community (TEC)*, *Maastricht Treaty* (1992) as well as in *Amsterdam Treaty* (1997) kept facing a very strong objection, raised by majority of the Member States, despite strong support from the European Commission and the European Parliament.

¹⁹² “The External Energy Policy of the European Union.” Speech by Javier Solana, EU High Representative for the Common Foreign and Security Policy at the Annual Conference of the French Institute of International Relations (IFRI), Brussels, 1 February 2008, p.2.

http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressdata/EN/discours/98532.pdf [25.02.2008].

¹⁹³ Richard Youngs. “Europe’s External Energy Policy: Between Geopolitics and the Market.” Center for European Policy Studies. Working Document, No. 278, November 2007, p.1.

¹⁹⁴ Solana. op. cit., p.1,3.

¹⁹⁵ Ibid., p.1,3.

¹⁹⁶ Christian Egenhofer. “European Energy Policy: Turning Point?” Center for European Policy Studies, Brussels 2002, p.40.

http://www.british-energy.com/documents/Turning_Point_-_European_energy_policy.pdf [02.03.2008].

Periodic attempts to extend the EU formal competencies within the external energy area did not produce any significant result. In fact, this urgent need to create coordinated European energy policy was directly addressed several times – just to mention the Constitutional Treaty or the Hampton Court Summit in 2005. All of these references, however, brought nothing more but some general provisions of the common external energy policy shifted to the EU. It was recommended that the EU needs “to speak with a single voice (...) at both national and Community level,”¹⁹⁷ however Member States were left with the right to decide upon their own energy mix as well as to develop individually their external relations in order to secure their energy supplies.¹⁹⁸ More sound cooperation of the EU as a whole was supposed to take place in the form of general debate among all Member States.¹⁹⁹

Another attempt to move beyond the internal area of energy towards the EU external relations came along with the Commission’s Energy Green Paper, released in March 2006.²⁰⁰ The paper included a broad array of proposals for an EEP, in particular for external relations with third countries.²⁰¹ The major political commitment enclosed in it was announcing more effective incorporation of strategic energy objectives common for all Member States into the EU’s external dimension of energy policy as a more effective platform to serve energy interests of the EU as a whole.²⁰² The relative importance of this particular paper originated from a direct message of the European Commission, which recognized several energy-related areas of common action, including among others tackling security and competitiveness of energy supply and solidarity among Member States. It repeated once again strong need to undertake joint actions by the Member States within these energy matters instead of acting as individuals.²⁰³ However at that time, it was not legally binding since it introduced only Commission’s proposals for necessary actions. Nevertheless, it evoked debates on energy matters within the European Council and the European Parliament what helped to recognize in European forum the necessity and urgency of the EU’s energy security question.²⁰⁴

¹⁹⁷ Geden, Marcelis, Maurer. op. cit., p.10-11.

¹⁹⁸ “An external policy to serve Europe’s energy interests.” Paper from the Commission SG/HR for the European Council, March 2006, p. 1.

<http://www.consilium.europa.eu/uedocs/cmsUpload/st09971.en06.pdf> [03.03.2008].

¹⁹⁹ Geden, Marcelis, Maurer. op. cit., p.10.

²⁰⁰ Youngs. op. cit., p.1.

²⁰¹ Geden, Marcelis, Maurer. op. cit., p.12.

²⁰² Youngs. op. cit., p.1.

²⁰³ European Commission Directorate-General for Energy and Transport, *Fuelling Our Future*, Green Paper for a European Strategy for Sustainable, Competitive and Secure Energy, Memo, March, 2006, p.3.

http://ec.europa.eu/energy/green-paper-energy/doc/2006_03_08_gp_memo_en.pdf [20.03.2008].

²⁰⁴ Ibid., p.6.

This attitude was continued in the following year, during the March 2007 summit. Again, all the EU member states expressed urgent need to enhance general coordination of actions taken at the national level within the energy area. This step was supposed to help achieving a greater unity of actions in order to diversify external energy deliveries. Nowadays, the EU as a whole needs to be ready to address the energy security matters, and especially different threats springing from growing energy demand and increasing dependence on external suppliers. “Nonetheless, most observers expect member states to continue to retain significant national control over energy markets and external relations with energy producing countries.”²⁰⁵

Indeed, the common stance of all EU states in the energy area is indicated as the missing element in strengthening of the EU energy security. The mainspring for this stagnant situation has been the unwillingness of the Member Countries to renounce their broad legal entitlements in energy area. This reluctance, however, does not solely result from the loss of their perceived or real autonomy over energy policy. It also stems from “(...) differences in interests between producer and non-producer countries, as well as the different structures of national energy sectors (...)”²⁰⁶ Nevertheless, each Member State still possesses veto power which effectively hinders agreed policies from going beyond a broad consensus on general objectives and hence, the EU energy policy has remained within the intergovernmental agreements. As it was mentioned before, there is no sound legal basis in the Treaties for the external energy relations to be regulated. Therefore, any attempt to enact a coherent and complete external energy policy demands synonymous and unequivocal attitude of all member states.²⁰⁷ The lack of their common political will as the essential element in the process towards an effective EEP will significantly slow down the progress in successful implementation of changes within the energy area and consequently, this policy field will retain its intergovernmental nature.²⁰⁸

The energy situation in the EU mirrors the fate of energy import-oriented state. This situation is predestined by internal and external factors affecting the energy security of the EU. Among these factors, the crucial one is the insufficient level of the EU’s own energy deposits,

²⁰⁵ Belkin. “The European Union’s Energy ..”, op. cit., p.1.

²⁰⁶ Egenhofer. “European Energy Policy..”, op. cit., p.40.

²⁰⁷ Geden, Marcelis, Maurer. “Perspectives ..”, op. cit., p.3.

²⁰⁸ Ibid., p. 3.

which further results in increasing dependence on foreign resources. The forecasted tendency of growing energy demand reported by the EU states forced the Union as a whole to face the necessity of securing its external energy deliveries in the sense of undisturbed access to external energy deposits and certainty of deliveries in the amounts needed to cover the whole demand. Lack of coordinated common external energy policy resulted in relatively narrow possibility for the EU to define united stance of all member states towards external energy suppliers and ensure their safe diversification. However, the diversification of energy supplies, transit routes and transportation means is still decided upon individually by the EU member states.

Having established that dependence on external energy supplies constitutes a vital factor affecting the energy security situation of the European Union, it is important to realize which countries are supplying the EU, to what extent is the EU dependent on these states, as well as through which channels the energy is delivered. Taking these three criteria into account, one may clearly see Russia's crushing dominance as the main energy supplier to the EU.

2.2 The Russian Federation as an energy supplier and its significance for the EU's energy security

Russia belongs to the world's energy elite. "It is important to realise that Russia is 'triple-hatted' with reference to energy resources. It is a major energy producer, consumer and transit state."²⁰⁹ Globally, Russia stays at the disposal of one of the biggest (if not the biggest) reserves of fossil fuels. With reference to natural gas, Russia holds the world's largest deposits, estimated for 1,680 trillion cubic feet what constitutes around 27% share of the global gas reserves. What is worth highlighting, gas reserves are highly concentrated in three countries: Russia together with Iran and Qatar hold about 58% of the world's natural gas deposits,²¹⁰ while the rest of beds is rather dispersed among a larger number of states. (Table 2).

²⁰⁹ Andrew Monaghan, Lucia Montanaro-Jankovski. "EU-Russia energy relations: the need for active engagement." European Policy Centre, Issue Paper No. 45, March 2006, p.7.

²¹⁰ Energy Information Administration. Official Energy Statistics from the U.S. Government. "International Energy Outlook 2007. Chapter 4: Natural Gas." p.40.
[http://www.eia.doe.gov/oiaf/ieo/pdf/0484\(2007\).pdf](http://www.eia.doe.gov/oiaf/ieo/pdf/0484(2007).pdf) [26.02.2008].

Table 2. World Natural Gas Reserves by Country (January, 2007)

Country	Reserves (Trillion Cubic Feet)	Percent of World Total
World	6,183	100.0
Top 20 Countries	5,602	90.6
<i>Russia</i>	<i>1,680</i>	<i>27.2</i>
Iran	974	15.8
Qatar	911	14.7
Saudi Arabia	240	3.9
United Arab Emirates	214	3.5
United States	204	3.3
Nigeria	182	2.9
Algeria	162	2.6
Venezuela	152	2.5
Iraq	112	1.8
Turkmenistan	100	1.6
Kazakhstan	100	1.6
Indonesia	98	1.6
Norway	82	1.3
China	80	1.3
Malaysia	75	1.2
Uzbekistan	65	1.1
Egypt	59	0.9
Canada	58	0.9
Kuwait	55	0.9
Rest of World	581	9.4

Source: “Worldwide Look at Reserves and Production,” Oil & Gas Journal, Vol. 104, No. 47 (December 18, 2006)

Concerning oil, Russia’s deposits have been estimated at 60 billion crude barrels²¹¹ what constitutes the eight world’s largest oil beds²¹² after Saudi Arabia (262.3 bln barrels), Canada (179.2), Iran (136.3), Iraq (115.0), Kuwait (101.5), United Arab Emirates (97.8) and Venezuela (80.0).²¹³ (Table 3).

²¹¹ Energy Information Administration. Official Energy Statistics from the U.S. Government. “International Energy Outlook 2007. Chapter 3: Petroleum and other Liquid Fuels” p.37.
[http://www.eia.doe.gov/oiaf/ieo/pdf/0484\(2007\).pdf](http://www.eia.doe.gov/oiaf/ieo/pdf/0484(2007).pdf) [26.02.2008].

²¹² Energy Information Administration. Official Energy Statistics from the U.S. Government. Country Analysis Briefs: Russia.
<http://www.eia.doe.gov/cabs/Russia/Background.html> [25.02.2008].

²¹³ “International Energy Outlook 2007. Chapter 3: Petroleum and other Liquid Fuels”, op. cit., p.37.

Table 3. World Oil Reserves by Country (January, 2007)

Country	Oil Reserves (Billion Barrels)
Saudi Arabia	262.3
Canada	179.2
Iran	136.3
Iraq	115.0
Kuwait	101.5
United Arab Emirates	97.8
Venezuela	80.0
Russia	60.0
Libya	41.5
Nigeria	36.2
Kazakhstan	30.0
United States	21.8
China	16.0
Qatar	15.2
Mexico	12.4
Algeria	12.3
Brazil	11.8
Angola	8.0
Norway	7.8

Source: “Worldwide Look at Reserves and Production,” Oil & Gas Journal, Vol. 104, No. 47 (December 18, 2006)

“[Russia’s] discovered and projected reserves are considered to be among the largest on earth (...). In addition, western Siberia is the world’s richest hydrocarbon province, and there are also potentially enormous reserves in other regions which have yet to be exploited or even fully explored, such as east Siberia, the Komi Republic, Nenets Autonomous Okrug and the Barents region.”²¹⁴

“Russia is also the world’s largest exporter of natural gas and the second largest oil exporter”²¹⁵ since its production of these fossil fuels is much greater than its internal energy demand.²¹⁶ These great surpluses are being distributed to other countries mainly through the extensive pipeline and gas mine systems, but also through the rail and sea routes.

Starting from 1990s, the expansion of its pipeline and gas mine system became a crucial factor for Russia’s energy export. What is important, all major pipeline systems are controlled by the state-owned monopoly Transneft.²¹⁷ Russia has three major oil export outlets – first, through

²¹⁴ Monaghan, Montanaro-Jankovski. op. cit., p.18.

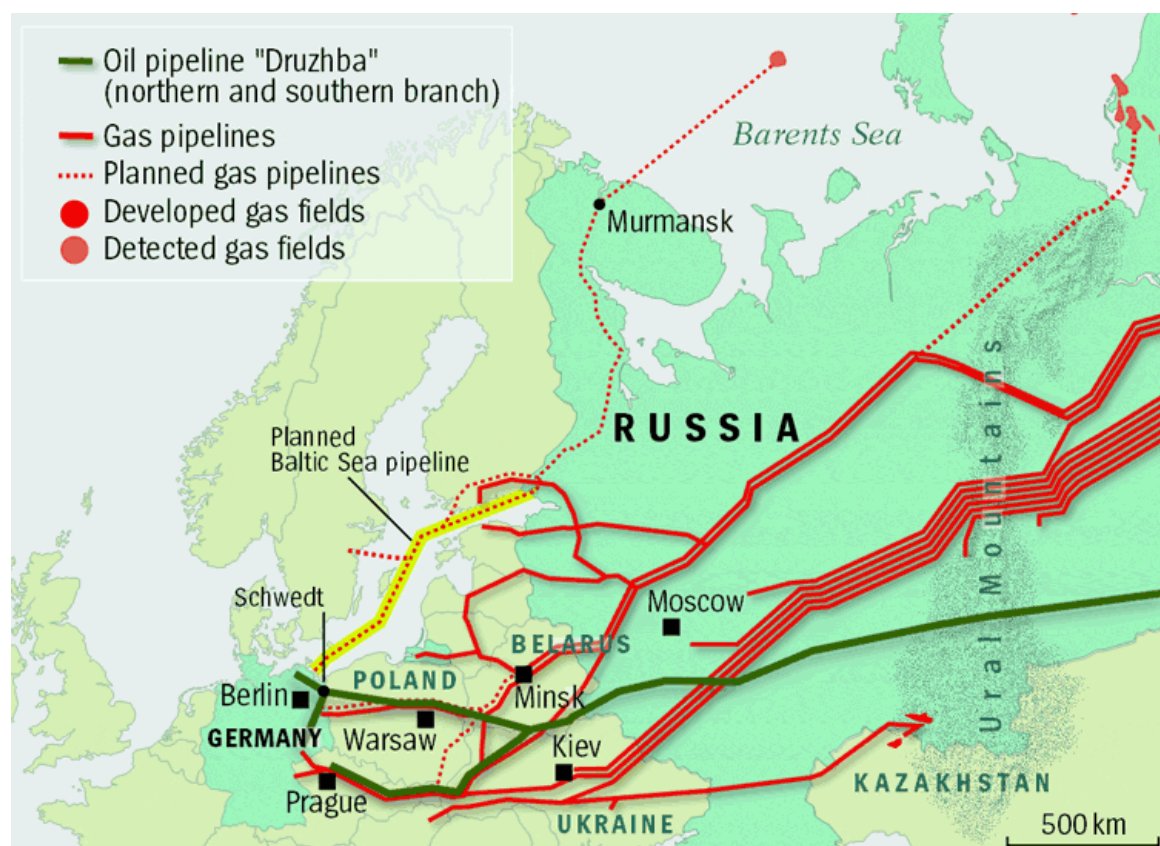
²¹⁵ Energy Information Administration. op. cit., <http://www.eia.doe.gov/cabs/Russia/Background.html>.

²¹⁶ Energy Information Administration. Official Energy Statistics from the U.S. Government. Country Energy Profiles: Russia. http://tonto.eia.doe.gov/country/country_energy_data.cfm?fips=RS [25.02.2008].

²¹⁷ Transneft –a state-owned Russian company founded in 1993. The company owns and stays at disposal of the largest pipeline system of the world.

the Druzhba (Friendship) pipeline²¹⁸, which is the main export pipeline to Europe transiting through Belarus; second, the Baltic Sea constituting the direct gate to the northern Europe markets and reducing the transit dependence of Russia on routes through Latvia, Lithuania and Estonia; and third, the Black Sea with limited storage capacity outlet due to harsh winter. At the moment, three major pipeline systems are taken into serious account: one to China, another to Japan, and a third one to the United States.²¹⁹ “Another project pipeline, the *Adria Reversal Project* tied to Druzhba Pipeline, was aimed at new export outlet on the Adriatic Sea for Russian oil transports. The so far route crossing Czech Republic, Slovakia and Hungary would cover the way between Hungary and Croatia.”²²⁰

Figure 3. Primary Russian oil and gas pipelines to Europe



Source: Spiegel online

<http://www.spiegel.de/international/0,1518,grossbild-774189-458803,00.html> (14.04.2008)

²¹⁸ In Belarus the Druzhba Pipeline splits into the northern route, which runs to Poland and Germany, and southern route, which runs through Ukraine to Hungary, Slovakia and the Czech Republic.

²¹⁹ Gawdat Bahdat. “Russia’s Oil Potential: Prospects and Implications.” *OPEC Review*, Vol. 28, No. 2, June 2004, p.142.

²²⁰ Energy Information Administration. Official Energy Statistics from the U.S. Government. Country Analysis Briefs: Russia – Oil exports.

http://www.eia.doe.gov/emeu/cabs/Russia/Oil_exports.html [25.02.2008].

In order to transport certain surpluses of Russian natural gas to importing countries, Russia has developed an extensive system of gas export lines as well. Worth mentioning are also Russian attempts to strengthen dependence on its gas supplies of its major gas importers, especially the EU. In particular, two main projects of new pipelines are targeted: the South Stream pipeline (Russia-Serbia-Europe) dedicated to supply Central and Western Europe and the Nord Stream pipeline (Russia-Germany).²²¹ The gas distribution beyond Russian border is controlled by the Russian state-owned monopoly Gazprom.²²²

Having at its disposal the enormous deposits of fossil fuels as well as the extensive energy transportation infrastructure, Russia became “one of the world’s most important energy suppliers and the EU’s single most important supplier.”²²³ In case of the EU, this role is of utmost relevance due to several factors. First, Russia constitutes the most critical energy supplier for the EU due to its large share in resource deliveries to the Union, reaching 40% and 20% of the EU’s overall gas and oil imports respectively. This role is reinforced due to the fact that Russia delivers to the group both oil and gas, where the two resources constitute the major share in the EU’s overall energy consumption. The European deposits of the two resources are rather poor, and hence it needs to rely to a high extent on the external deliveries. Due to Russia’s abundance of energy beds, its geographical proximity and a extensive system of pipelines and gas mines, this country constitutes for the EU the natural partner in the supply-demand equation. Since the EU’s dependence on this particular supplier is that high, relations with Russia constitute a vital factor affecting the energy security of the European Union.

2.3 The framework of the EU-Russia energy cooperation

„Given that the EU’s relations with Russia form a central element of its energy security, the way that it manages this relationship now and in the near future will be crucial to its long-term energy security.”²²⁴ In case of these two actors, the energy cooperation has been already

²²¹ “EU wrong-footed as Russia moves ahead with new export pipelines.” *Oil and energy trends*, Vol. 33, No. 1, January 2008, p.7-8.

²²² Gazprom - a Russian state-owned company created in 1989 due to reorganization of the USSR Ministry of the Gas Industry. The Kremlin, Russian government, owns 51 per cent of the shares and appoints the senior management. Gazprom is the world’s largest gas extractor and producer, supplying around 20% of global demand and exporting gas to 32 countries within and beyond the Former Soviet Union. It possesses about 25% of the world’s gas reserves. It also owns the world’s largest gas transmission system – the Unified Gas Supply System of Russia accounting for 156.9 thousand km.

²²³ Monaghan, Montanaro-Jankovski. “EU-Russia energy relations..”, op. cit., p.8.

²²⁴ Ibid., p.7.

evolving through different stages and resulting gradually in a more structured framework. However, among various official meetings of the representatives of the two parties, common summits and numerous energy (or economic) agreements, one may differentiate few milestones - the most crucial events, which entailed some undoubtedly significant changes in the EU-Russia cooperation. When the energy issues started to gain on importance within the Union, the focus of the EU-Russia collaboration followed this tendency, too. Therefore, not that visible at the beginning, the energy matters started to dominate the overall cooperation of the EU and Russia.

Initially, the first explicit attempts to initiate collaboration in energy domain followed the collapse of the Soviet Union in 1991. The international forum recognized the end of the Cold War as the starting point for rejecting so far existing economic fragmentations. This event brought in the extraordinary possibility to create generally accepted foundation for energy cooperation among different states of Europe and Asia. These movements initiated the creation of the *Energy Charter Treaty* as the real platform for multilateral energy cooperation, “based on market economy, mutual assistance and non-discrimination.”²²⁵ It took a form of an international agreement, which actually originated the idea of integrating the energy sectors of the former Soviet Union and Eastern Europe into the broader European and world markets. Originally, the European Energy Charter Declaration was signed in 1991 by impressive number of 51 states, which agreed on declared principles, touching upon energy trade, transit and energy investment, as well as on provisions ensuring that a binding treaty would be negotiated in the future. The very original Energy Charter Declaration constituted a document which was nothing more than a declaration of all signatories proving their political will to enhance energy cooperation. Among the signatories there were the EU itself, each member state separately and Russia. However, the latter signatory has never decided to ratify the factual Energy Charter Treaty (ECT) from 1994 based on the previous Energy Charter Declaration. The ECT, as opposed to Declaration, was a legally binding document. Hence, Russia as the only signatory of the Energy Charter Declaration was not legally bound to comply with ECT's common principles of energy cooperation. In practical terms, the moment of establishing the Treaty took place long before any tangible steps of the EU-Russia energy cooperation appeared. However, what it indicated was the interest of the EU and Russia to engage in the energy domain and to cooperate in energy area on the multilateral basis.

²²⁵ “The Energy security of the European Union – a detailed analysis of the Union’s energy (re)sources.” CSIS Files No. 5, July 2007, p.88.
http://www.csis.ro/docs/CSIS.ro_EU_Energy.pdf [20.02.2008].

The legal framework of the EU-Russia collaboration seems to be the *Partnership and Cooperation Agreement* (PCA), setting principal common objectives for their partnership. In its general assumptions, the PCA aimed at setting out political, economic and trade principles of the cooperation. In case of energy, each PCA was formalising bilateral energy relations between the EU and particular energy partners.²²⁶ “The PCA became a cornerstone for Russia-EU relations and provided pointers as to how the relationship should be developed and how information between the partners should be shared.”²²⁷ The PCA was signed by the two parties already in 1994, however it became obligatory no sooner than in 1997.²²⁸ “The provisions of the PCA cover a wide range of policy areas including political dialogue; trade in goods and services; business and investment; financial and legislative cooperation; science and technology; education and training; energy, nuclear and space cooperation; environment, transport; culture; and cooperation on the prevention of illegal activities.”²²⁹ Energy issues were visibly attributed an important role since the whole separate art. 56 of the PCA was devoted to this particular area.²³⁰ This bilateral agreement combined two main goals of both sides. The EU was ensured of continuous energy deliveries what guaranteed retaining its economic motion. Russia, on the other hand, gained the prospects for development of its economy through great investments in its economic segment and through the flow of new energy technologies, provided by the EU. The PCA provided a long-term cooperation perspective, which was set up for the next decade, delimitating the expiring date in 2007. It was up to the EU and its Russian partner to decide on the further shape of the PCA. Assuming that none of the two actors would breach the agreement, PCA would be automatically prolonged. An extension of the original PCA was also available to both parties.

One of the provisions of the utmost significance was the settlement of institutional framework which inter alia enabled the EU and Russia essential energy discussions on the

²²⁶ Official portal to the European Union:
http://ec.europa.eu/external_relations/ceeca/pca/index.htm [15.03.2008].

²²⁷ Iris Kempe, Hanna Smith. “A Decade of Partnership and Cooperation in Russia-EU relations. Perceptions, Perspectives and Progress - Possibilities for the Next Decade.” Center for Applied Policy Research, Helsinki, April 2006, p.5.
http://www.cap.lmu.de/download/2006/2006_Kempe_Smith.pdf [15.02.2008].

²²⁸ Katinka Barysch. “The EU and Russia. Strategic partners or squabbling neighbours?” Centre for European Reform, London, 2004, p.10.
http://www.cer.org.uk/pdf/p564_russia_strat_squabb.pdf [14.02.2008].

²²⁹ Official portal to the European Union.
http://ec.europa.eu/external_relations/russia/intro/index.htm#pol [07.02.2008].

²³⁰ Official portal to the European Union.
<http://europa.eu/scadplus/leg/en/lvb/r17002.htm> (10.02.2008).

regular basis. It was due to PCA provisions that high officials representing different levels of power of both parties got involved in active process of cooperation, in particular in energy area. The most general meetings – *Summits*- are held twice a year, where Heads of State and/or Heads of Government are consulting the general path of the EU and Russia's further cooperation. The ministerial level is involved when there is an urgent necessity to elaborate on some specific issues. This body is officially known as the *Permanent Partnership Council*. The energy is one of three broad areas which demand frequent meetings of respective ministers. Another platform of mutual discussions are shaped by *senior officials and experts meetings* as well as by the Parliamentary Cooperation Committee, gathering the European Parliament and the Russian State Duma representatives. However, the frequency of the meetings of the two latter bodies is rather low.²³¹

It took only three years since the establishment of the PCA, when the next crucial event concerning further collaboration between the EU and Russia was about to take place. The *Paris Summit* of October 2000, seemed to prove intentions of both actors. Once again, energy issue was assigned the utmost importance in the overall cooperation of these two parties. Their bilateral pursuit to closer cooperation materialized in the form of the *Energy Dialogue*.²³² According to dr Andrew Monaghan²³³ and Lucia Montanaro-Jankowski,²³⁴ “[t]his dialogue reflected a recognition that Russia and the EU are natural partners in the energy sector and have mutual interests in enhancing the continent's energy security.”²³⁵ It constituted one of numerous cooperation mechanisms, which aimed at providing an appropriate platform for energy discussions since it established diverse regular meetings of experts, as well as political discussions during the EU-Russia summits, taking place annually.²³⁶ The Dialogue has covered various energy related issues, including the electricity interconnection between the two parties, nuclear materials safe use regulations, common environmental policies including reducing gas emissions, as well as numerous other aspects. This agreement on the energy cooperation was more specific than any other before; it directly referred to some concrete energy issues like

²³¹ Official portal to the European Union. op. cit., http://ec.europa.eu/external_relations/russia/intro/index.htm#pol.

²³² “The Energy security of the European Union ..”, op. cit., p.88.

²³³ Dr Andrew Monaghan is a Senior Research Associate at the Conflict Studies Research Centre, the UK Ministry of Defence's think tank based at the Defence Academy of Great Britain. He is also a founder and Director of the Russia Research Network, an independent organisation which generates information and holds expertise on Russian politics, economics and security issues.

²³⁴ Lucia Montanaro-Jankovski, is a Senior Advisor on EU Affairs Peacebuilding Issues Programme International Alert in Brussels. She is also a Policy Analyst at the European Policy Centre, the European non-profit think tank, providing with information and analysis on the EU and global policy agenda.

²³⁵ Monaghan, Montanaro-Jankovski. op. cit., p.9.

²³⁶ Official portal to the European Union. op. cit.

common cooperation of Russia and the EU within the oil and gas area. What should be highlighted here, however, is the fact that both parties seemed to grant it rather different status. For the EU, the dialogue was not only about energy cooperation, but also constituted a means to influence Russian economic policies and particularly its energy market liberalisation. Russia, on the other hand, seemed to be cautious of this particular aspect finding the Energy Dialogue intrusive.²³⁷

The Energy Dialogue has more precisely set the focus of the EU-Russia energy relations and pointed at certain common goals, in particular “ensuring reliable energy supplies in the short and long-term future; increasing energy efficiency; securing long term investment; opening up energy markets; diversifying the range of imports and exports of energy products; improvement of the legal basis for energy production and transport in Russia and finally in ensuring the physical security of transport networks.”²³⁸

Already in 2003, during the following Summit between the EU and Russia, the new concept of *Common Spaces* was introduced, which was supposed to support the development of their strategic partnership, determining the agenda of the EU-Russia cooperation. In accordance with the PCA’s general assumptions, the tight cooperation was sanctioned on four sectors: economic; freedom, security and justice; external security and education and culture. In particular, the economic sphere was covering a broad array of various actions to be taken within investment, competition, transport and energy fields. Starting from the implementation of the common spaces concept all “EU-Russia negotiations are structured on the four common spaces enforcing collaboration and common policies” which reinforces the possibilities for tightening their energy cooperation as well. No later than one year after, at Moscow Summit in 2005, the EU and Russia set a package of shared objectives in the form of *road maps*, which constituted a common denominator including shared objectives for both parties.²³⁹ These comprehensive packages of short- and medium-term instruments were supposed to guide each party in implementing certain actions within the four common spaces. In particular, the common economic space was embracing actions within energy matters, which were supposed to “maintain the momentum of the existing energy dialogue.”²⁴⁰ The main aim of these tools was to

²³⁷ Barysch. op. cit., p.36.

²³⁸ Official portal to the European Union.
http://www.delrus.ec.europa.eu/en/p_217.htm [12.02.2008].

²³⁹ The Council of the European Union. *15th EU-Russia Summit. Press release*. Moscow, May 2005, p.2.
http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/er/84811.pdf [26.02.2008].

²⁴⁰ Official portal to the European Union.

provide with “reciprocity, transparency (...), covering market opening and market access, fair competition.”²⁴¹

The actions taken so far allowed the EU and Russia to get closer in their energy relation due to significant communication platform framed by subsequent agreements and summits. The most recent Summit, which took place in Samara last year (2007), put emphasis on more extensive exchange of information concerning detailed energy aspects, such as oil and gas production. Moreover, some consideration was given to certain international aspects of energy, including energy cooperation in the Baltic Sea and the Black Sea region.²⁴²

The abovementioned events could be recognized as the most prominent and meaningful milestones within the EU-Russia energy relations. Each of these thorough decisions was supposed to bring the EU and Russia even closer in order to establish more formal framework for cooperation between these two parties. However, it is worth mentioning that the implementation of provisions included in consecutive EU-Russia agreements turned out to be problematic and the cooperation brought outcomes highly below the prior expectations. This fact was emphasized in the European Commission paper from 2004, which reflected a growing disillusionment with EU-Russia relations. In the paper the Commission highlighted that “[t]he EU and Russia have agreed ambitious political declarations (...) and developed strategies for their relations (...), [however], despite common interests, growing economic interdependence and certain steps forward, there has been insufficient overall progress on substance.”²⁴³ The Commission also stressed the need of “moving away from grand political declarations and establishing an issues-based strategy and agenda” as well as the need of “a more coordinated EU policy towards Russia.”²⁴⁴

Scholars who have stressed the disparity between commitments undertaken in the framework of the EU-Russia cooperation and their factual implementation pointed at various reasons which could explain this phenomenon. Among potential causes of the poor outcomes of this cooperation they have suggested too high initial expectations of the two sides, disregarding

http://ec.europa.eu/external_relations/russia/summit_11_04/m04_268.htm [25.10.2004].

²⁴¹ “The European Union and Russia – developing our shared European continent.” Speech of Benita Ferrero-Waldner, European Commissioner for External Relations and European Neighbourhood Policy, at European Studies Institute, Moscow State Institute for International Relations (MGIMO) Moscow, 23 October 2006, p.4.

<http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/06/623&format=HTML&aged=0&language=EN&guiLanguage=en> [18.02.2008].

²⁴² “The Energy security of the European Union..”, op. cit., p. 89.

²⁴³ Communication from the Commission to the Council and the European Parliament on relations with Russia, COM (2004) 106, 09/02/04, p.3.

http://ec.europa.eu/external_relations/russia/russia_docs/com04_106_en.pdf [19.03.2008].

²⁴⁴ Ibid., p.6

factual limits of the relation; the existence of other issues on the EU agenda, like the 2004 enlargement and the Constitutional Treaty, which ousted building a strategic partnership with Russia; badly designed and inefficient institutional framework of the cooperation as well as flawed process of decision-making on both sides; an occurrence of contentious issues on the common agenda, including the common neighbourhood and visa facilitation, which hampered the pace of progress in discussions; bilateral relations maintained by Russia with particular MS and finally significant disparities in nature and ways of policy making by the EU and Russia.

2.4 Energy reliance on Russia as a source of potential economic and political risks for the EU

In the energy area, both the EU and Russia have taken some steps leading to extension of their cooperation. Both sides have been demonstrating their deep interest in energy issues, which is reflected in a prominent place attributed to energy in their overall cooperation, and in conclusion of consecutive agreements within the energy dimension. One may say that the process of their energy collaboration serves interests of both sides, where the EU has been promised secure energy supplies and Russia could expect the European support in development of its economy through the flow of cash and investments. The two parts have been engaging into increasingly tighter energy relation because it has allowed them to fulfill their energy needs. With time, however, the intensification of cooperation deriving from successive agreements concluded between the EU and Russia has been simultaneously evoking their growing interdependency. Hence one could say that on one hand the EU-Russia cooperation has enabled both sides the fulfillment of their energy-related interests, but on the other it has led to creation of dependencies, which may prove to be threatening to the EU.

Taking into consideration the size of Russia's energy deposits and the growing energy needs submitted by the EU, one may assume that it was a natural choice of the two actors to engage in energy co-operation to the advantage of both of them. Russia seems to be the most capable provider of energy for the EU's enormous demand. Considering the finite character of energy resources and cost of long-distance transporting of oil and gas, Russia appears as the most reasonable option to ensure secure supplies of the EU. From Russia's perspective in turn, the EU may be considered to be the most important business partner. As the former Russian President Vladimir Putin implied: "For us, Europe is a major trade and economic partner and our

natural, most important partner, including in the political sphere. Russia is not located on the American continent, after all, but in Europe.”²⁴⁵ Admittedly, Russia is the EU’s main supplier of hydrocarbons, but at the same time the European Union constitutes the main market for Russian resources.²⁴⁶ In fact, almost 25% of the EU’s general energy consumptions is covered by the import from Russia, but at the same time “two-thirds of Russia’s oil and gas exports – the country’s main source of foreign currency – goes to the EU.”²⁴⁷ In particular, Russia exports 50% of its crude oil and almost 63% of its natural gas to the European Union, which represents the main destination of its exports.²⁴⁸

Among all oil and gas suppliers, Russia unquestionably constitutes the major energy partner of the European Union due to its widespread energy deposits, its close geographical proximity to the EU and the extensive energy transportation structure controlled by Russian monopolies. For Russia, the EU represents the most important customer which absorbs majority of Russian energy resources, ensuring stable flow of revenues and investment. Therefore, stability of Russian economy (no matter whether delusive or not) is significantly shaped by its ability to sell energy to the European markets. Indeed, these two parties are closely interlinked and seem to complement each other with respect to energy interests. These linkages suggest that Russia and the EU represent energy relation burdened with strong bilateral dependency. However, one should realize that dependency between two actors does not need to be necessarily symmetric; one side may be more reliant on the other. This growing energy dependence accompanied by possible asymmetry of the EU-Russia relation may develop in rather unfavourable direction for the EU and become a source of occurrence or intensification of potential threats to the EU’s energy security.

The asymmetrical character of the EU-Russia relations could be tracked at various levels. This asymmetry already stems from the global conditioning, related to the finite character of energy resources, as well as to the fact that energy beds are concentrated only in few parts of the world. Thus the quantity of states possessing energy deposits is disproportionate to the number of energy importers. Russia seems to be more privileged since it is representing the supply side and it possesses one of the world’s biggest energy deposits. Therefore, it has more alternatives with reference to potential recipients of its oil and gas, and due to globally growing demand it

²⁴⁵ Dov Lynch. “Russia’s Strategic Partnership with Europe.” *The Washington Quarterly*, Vol. 27, No. 2, Spring 2004, 99-118, p.1.

²⁴⁶ Monaghan, Montanaro-Jankovski. op. cit., p.9.

²⁴⁷ Barysch. op. cit., p.2.

²⁴⁸ “The Energy security of the European Union ..”, op. cit., p.88.

will not encounter problems with finding other markets for its resources. The alternatives for the EU in turn, regarding different energy suppliers, are limited already by the fact that the number of energy exporters is small. Therefore, the EU with its growing demand will need to compete with other recipients for their energy deliveries in the future.

These natural conditions and global supply and demand trends are giving energy exporters certain advantage over energy importers. In case of Russia this advantage seems to be consciously reinforced by the state's policies related to the energy area. What could be recognized as the significant source of asymmetry is the gradually growing confidence of Russia as an influential and effective player in the global forum. In the 1990s, after the end of the Cold War, Russia became highly dependent on Western funds, what, at that time, took away probable prospect for Russia to regain significant role among other states. However, staying at disposal of enormous energy deposits, Russia started to generate high earnings due to increase of oil and gas prices which allowed it to pay off its Western debts, and became more powerful. "While in the 1990s everybody was talking about Russian dependence on Western credits, now everyone talks about Western dependence on Russian gas."²⁴⁹ After marking its position within Europe, Russia turned its strategic actions towards Central Asia where it "invested a lot of energy and political skills in building the Shanghai Cooperation Organization"²⁵⁰ into a potential counter-weight to Western influence in the region."²⁵¹ Moreover, the fact of Russia's prevailing monopoly structure of its internal gas and oil pipelines – as well as majority stakes which it possesses in the main pipeline systems combining Russia and the EU (the North Stream and South Stream) allowed Russia to decide whether to deliver energy and to whom.²⁵² Its decisiveness could be actually perceptible by occasions of numerous cut offs of gas and energy supplies.

While Russia's influence in the energy area has been growing, the EU's magnitude has been weakened by the fact that its member states largely maintain bilateral frames of energy cooperation with Russia. "Russia today is a centralized state dealing with a grouping of states retaining autonomous foreign policies (..). This has allowed Russia to maximize its influence

²⁴⁹ Mark Leonard, Nicu Popescu. "A Power Audit of EU-Russia Relations." Policy Brief. European Council on Foreign Relations, November 2007, p.7.

http://ecfr.3cdn.net/456050fa3e8ce10341_9zm6i2293.pdf [18.03.2008].

²⁵⁰ *The Shanghai Cooperation Organization* (SCO) is an intergovernmental mutual-security organization founded in Shanghai on 15 June 2001 by six countries: China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. According to the SCO Charter and the Declaration on the Establishment of the SCO, the main purposes of SCO are: strengthening mutual trust and good-neighborliness and friendship among member states; developing their effective cooperation in three main areas: political affairs, economy and trade, energy and transportation, etc. In particular, SCO focuses its attention on security issues of its members from Central Asia.

²⁵¹ Leonard, Popescu. op. cit., p.7.

²⁵² Ibid., p.23.

over the Union, while the EU has been less able to capitalize on its potential to influence Russia.”²⁵³ Therefore, the EU as a whole is argued to have much smaller role in the energy area than Russia does, despite the fact that it is one of the biggest energy consumers in the world.

These abovementioned factors do not exhaust all facts which may signalize possibility of asymmetric character of interdependence in the EU-Russia energy relation. However, they provoke to certain considerations on possible effects it might have on this relation.

The rising dependence of the EU on Russian resources as well as asymmetric character of this relation to the disadvantage of the EU entail the existence of potential threats to the EU's security. Admittedly, the threats stemming from the EU's high reliance on Russian resources are of our focus. However, the factual meaning of these threats cannot be comprehended completely, if they are not referred to the broader context of energy situation both in the EU itself, and in the global dimension. A reliable recognition of the factual meaning of these threats requires a broader picture of energy situation. Hence, it is relevant to picture how these threats are combined between particular levels of interaction and the extent to which they influence each other. Therefore, where needed, the EU level as well as global dimension shall be embraced. This logic is in accordance with Buzan's conceptualization of security, which is based on the assumption that security issues need to be analysed on various levels. Employing this concept into the case of energy security of the European Union, one could treat the EU as the major actor being in the focus of the analysis. Henceforth, the energy security of the EU could be affected by its internal dynamics (the EU level), security patterns occurring at the level of the EU and Russia energy interactions (supercomplex with Russia), and finally, certain trends and tendencies recognized globally (global level). Some of the potential sources of threats to the EU's energy security may be classified according to the three analytical levels on which they appear, are presented in the chart below:

Since the main emphasis of this thesis is put on threats stemming from growing energy reliance of the EU on Russia's energy supplies, the supercomplex of these two will constitute the focal point of the further considerations. As it is presented in the chart below, the intra-regional level pinpoints sources of risks which could be acknowledged mainly to Russia's side. These sources embrace inter alia a question of liberalisation process within Russian energy market, in particular state's control over oil and gas supplies production and export, and visible close

²⁵³ Ibid., p.10.

linkages between Russian government and the energy sector. These areas leave some space for abuse.

Table 4. Potential sources of threats to the EU's energy security

Potential sources of threats to the EU's energy security
<p style="text-align: center;">Global level</p> <ul style="list-style-type: none"> • Finite character of energy resources • Concentration of energy resources in few, often politically instable regions • Rising global demand
<p style="text-align: center;">The EU-Russia Energy Security Supercomplex (Intra-regional) level</p> <ul style="list-style-type: none"> • Use of energy power as a political leverage • Close linkages between the Russian government and the energy sector • Not liberalized energy market • Disputes with energy transiting countries • Aging transportation infrastructure
<p style="text-align: center;">The regional (EU) level</p> <ul style="list-style-type: none"> • Poor oil and gas resource base • Declining domestic energy production • Growing demand • Increasing reliance on few external energy suppliers • Significant share of oil and gas in the overall energy mix • Lack of common stance in energy-related matters in the international arena

Source: own study

The most worrisome is the fact of noticeable and strong control over energy sector by Russian government where any decision concerning energy matters is of governmental origin. It is Moscow that decides about the ownership structure of the most influential energy companies, conducting privatisation and nationalisation alternately. The biggest gas company, Gazprom, as well as Rosneft, petroleum company or Transneft, a company that governs the largest country's pipeline system – they are all state owned businesses. Therefore, their activities are not

driven by the economic profitability and fair competition but are dictated by the pursuit to secure energy interest of Russia. As a result, goals of economic efficiency are neglected; financial assets are rather allocated to strengthening the position of monopolies and control of Russia of other energy companies outside its borders, than on necessary investment in the ageing infrastructure, discovery and research of new energy beds or energy efficient technologies.

The existence and development of private energy companies in Russia is consciously limited due to certain governmental initiatives reducing free and equal access to state-controlled pipelines. Moreover, private companies are denied to build their own pipeline systems on the Russian territory²⁵⁴. The foreign companies attempting to spring up in the Russian energy market are facing strong difficulties to invest in new pipeline projects in Russia and their access to Russian pipelines is excluded.²⁵⁵ Russia seems to grant the priority access to the existing and future pipeline systems to their state owned companies. It is argued that the aspiration to keep full control of its transportation infrastructure prompted Russia not to ratify the Energy Charter Transit Protocol, which “[obliges] Signatory states, in accordance with the GATT/WTO²⁵⁶ principles of freedom of transit, to facilitate transit on a non-discriminatory basis.”²⁵⁷

Additionally, foreign companies are discouraged by hostile investment conditions, related to persistent uncertainty over property rights of the foreign investors and obvious reluctance of Russian government to let these investors get to its natural energy field.²⁵⁸ In order to protect even more its internal energy sector from uncontrolled foreign shares in Russian energy fields and pipelines, in 2003 Moscow cancelled all ongoing production sharing agreements (PSA's) which are used as a tool enabling to pump external investments into emerging economies. To justify cancellation of PSA's, and hence legitimate this limitation of foreign large-scale investments, Russia stated to have received \$6 billions financial support from BP (2003) and other companies like Shell and Exxon Mobil allegedly dedicated to investments in its internal energy sector. However, this financial commitment was highly disproportionate when comparing to enormous yearly needs estimated at that time to \$12 billions just to renew

²⁵⁴ Katinka Barysch., “The EU and Russia: From principle to Pragmatism?” Policy Brief. Centre for European Reform, London, 2006, p.4.

http://www.cer.org.uk/pdf/EU_russia_barysch_final_10nov06.pdf [18.03.2008].

²⁵⁵ Barysch. “The EU and Russia. Strategic partners or squabbling neighbours?”, op. cit., p.34.

²⁵⁶ The General Agreement on Tariffs and Trade (GATT) – the main aim of this agreement was to reduce of barriers to international trade; the World Trade Organisation (WTO) - a global international organization engaged in variety of trade rules between nations in order to regulate export and import of goods and services.

²⁵⁷ The official website of Energy Charter:

<http://www.encharter.org/index.php?id=190&L=0> (16.03.2008).

²⁵⁸ Barysch. “The EU and Russia. Strategic partners or squabbling neighbours?”, op. cit., p.33.

Russian existing oil stocks.²⁵⁹ Facing these strict limitations intentionally set on foreign investments on one hand, Russia has not balanced, on the other hand, overall development of oil and gas fields as well as transportation infrastructure with a proper internal financing.

As already mentioned, when it comes to Russia's own investments, they are mainly used to implementation of its "aggressive policy of expansion and acquisition"²⁶⁰ of European energy companies, existing pipelines and new pipeline projects. Indeed, major investments are directed outside Russia, instead of supporting ageing transportation infrastructure and expansion of new energy deposits. Russia is highly persistent in executing her overall energy strategy aimed at "continuing and expanding its dominant market position in Europe and Eurasia."²⁶¹ By doing so, it strives "to hold a near monopoly on pipelines into Europe and out of Central Asia."²⁶² Kremlin responds immediately with its own projects to all pipelines initiatives which could exclude Russian presence, especially in these two geographical areas. That was the incentive for building Russian Blue Stream pipeline (finished already in 2002 and led under the Black sea into Turkey) as a response to a the EU-USA gas project planned in the late 1990s which was supposed to deliver Turkmen gas through Turkey directly to Europe without Russia's participation.

It is critical for Kremlin to keep control over export routes from Central Asia. Its presence in this region fulfils its political-oriented aim of remaining influential and dominant within the energy area. "Russia strives to avoid becoming dependent on others for exports and transit while it at the same time seeks to make other actors dependent on Russia."²⁶³ Due to tight grip over the access to the existing transit routes and energy fields in other regions Russia can also use cheaper Asian gas deposits to satisfy growing energy demand of the EU by exporting and selling it to European states for higher prices. This way Russia may generate relatively soaring incomes due to high margin imposed on Asian gas, as well as diminish a pressure for necessary development of its own gas resources having at disposal alternative Asian deposits. The influence which Russia preserves in the Central Asia affirms that it is more eager to diminish investment in its own energy deposits and use financial resources to gain a role of the most influential energy supplier for energy importers. This situation, however, raises certain

²⁵⁹ Ibid., p.33.

²⁶⁰ Zeyno Baran. „EU Energy Security: Time to end Russian leverage.” *The Washington Quarterly*, Vol. 30, No. 4, Autumn 2007, p.135.
http://www.twq.com/07autumn/docs/07autumn_baran.pdf [18.03.2008].

²⁶¹ Ibid., p.138.

²⁶² Ibid., p.138.

²⁶³ Robert Larsson. "The European Dependence of Russian Energy." Nätverket Olja & Gas, Seminar, September 2005, p.3.
http://www.nog.se/files/NOG%20Ref_%20050913.pdf [19.03.2008].

doubts indicating potential risks of Russian growing control extending over even broader group of energy rich regions. Firstly, it blocks the EU's access to these energy-rich regions which might be a vital energy alternative for the EU in the future. Secondly, Russia increases its own dependence on external energy deposits, putting in question its own reliability as energy supplier to match energy commitments towards the EU.

In its overall energy strategy, Russia executes rather coherent, nevertheless threatening, energy tactic towards the EU. "The Kremlin has pursued a strategy whereby Europe's substantial dependence on Russian energy is leveraged to obtain economic and political gains."²⁶⁴ Due to the fact that it is the main energy consumer of Russian energy, the EU might be exposed to risk of use by Russia of the European energy dependence as a leverage to achieve other than energy-related purposes.²⁶⁵ This threat might turn out to be true since Russia has been continuing to enhance already significant energy dependency of Europe through numerous attempts to acquire significant stakes in the domestic energy distribution companies and energy export facilities within particular Member States. These actions were aimed at enhancing Russia's control over the domestic markets of the countries within the region. In the period of 2005-2007, Russian Gazprom has successfully signed deals with several European companies, among others: Eni (Italy), Gasunie (the Netherlands), BASF (Germany), E.ON Ruhrgas (Germany), Gaz de France (France). This way Gazprom has extended its largest or second-largest shares of gas utilities within the former Soviet Union's states: Estonia, Latvia, and Lithuania, embracing new areas of its influence.²⁶⁶ Similar attempts have taken place in 2003, when Moscow strived to buy energy facilities within Latvia's VENTSPILS Nafta or in 2006, when Russia was highly interested in buying Mazeikiu Nafta refinery, the largest company in Lithuania and one of the largest refineries in Central and Eastern Europe,²⁶⁷ though ultimately these two attempts turned out to be unsuccessful. Russian defeat was followed by a series of disruptions in energy deliveries to these Member States. According to Robert Larsson²⁶⁸ from the Swedish Defence Research

²⁶⁴ Baran. op. cit., p.132.

²⁶⁵ Keith C. Smith. "Security Implications of Russian Energy Policies." Policy Brief. Centre for European Policy Studies, No.90, January 2006, p.1.
http://aei.pitt.edu/6593/01/1293_90.pdf [18.03.2008].

²⁶⁶ Baran. op. cit., p.133.

²⁶⁷ Smith. op. cit., p.2.

²⁶⁸ Mr Robert Larsson is a security analyst, working at the Swedish Defense Research Agency (FOI), in the Department for Security Policy and Strategy. His scholar interests focus on Russia's energy strategy and international relations among the CIS members.

Agency (FOI),²⁶⁹ in the period of 1992-2006, Russia utilized 55 energy cut-offs or threatened cut-offs. According to Larsson's research results, most of them took place "when Russia wanted to achieve some political or economic objectives, such as influencing elections or obtaining control of energy infrastructure in countries such as the Baltic States, Belarus, Ukraine, Moldova and Georgia."²⁷⁰ According to Russia's official statements in turn, all these energy supply interruptions were caused either by purely economic prerequisites as in the case of Belarus or Ukraine, or simply by some technical problems. Those observers who inclined towards the interpretation of Russia's moves as a manifestation of political pressure pointed that some of these energy disruptions were linked to the 'geographical' orientation of particular states. "Ukraine, Moldova, and Georgia are non-EU, non-NATO countries that have had or have recently adopted a pro-Western orientation that Moscow opposes. The Baltic states are EU and NATO members, but Russia maintains a strong hold on their energy sectors. On the other hand, Belarus has been Russia's most loyal supporter in Europe (...)." ²⁷¹ In case of Ukraine, the most critical event was related to the fact of taking the office by Victor Yushchenko, the first pro-Western leader in Ukraine who openly confirmed his serious interests in membership in NATO and the EU. The "Orange Revolution"²⁷² as a support for these European aspirations of Ukraine jeopardized Russian long-term goal of regaining its power as the main energy player and hence evoked the following reaction. Similarly, Moldova expressed strong involvement in Western actions; Georgia also announced its deep interest in NATO membership after "Rose Revolution"²⁷³ which originated the whole energy dispute with Russia. In case of Belarus, the seed of energy conflict was Belarus' reluctance to sell off its most prominent energy companies controlling energy pipeline system and lucrative resale of Russian oil supplies to the EU. As a result of Russia's reaction, Belarus suffered economically not only from gas delivery disruptions but also from higher energy export taxes and higher energy prices.²⁷⁴ To counterbalance these opinions, there is a certain group of opponents who state that these energy disputes cannot be

²⁶⁹ FOI (*Swedish Defense Research Agency*) is Europe's leading research institute dealing with defense and safety matters.

²⁷⁰ Leonard, Popescu. "A Power Audit ..", op. cit., p.23.

²⁷¹ Steven Woehrel. "Russian Energy Policy towards Neighboring Countries." Congressional Research Service, Report for Congress, January 2008, p.7.
<http://www.fas.org/sgp/crs/row/RL34261.pdf> [18.03.2008].

²⁷² "Orange Revolution" – a political protest which took place in Ukraine in the period of November 2004 - January 2005, in the aftermath of the presidential elections. It was a reaction of Ukrainian society to the massive corruption, voter intimidation and direct electoral fraud accompanying the election run-off vote.

²⁷³ „Rose Revolution” – the massive anti-governmental protests in Georgia in 2003 in the aftermath of rigged parliamentary elections, which led to the displacement of the then President Eduard Shevardnadze.

²⁷⁴ Woehrel. op. cit., p.13.

explained any other way but through the motives related to economical profitability. They emphasize that Belarus and Ukraine have been subsidized for many years back, paying considerably less than other energy importers due to strong past interlinks with Russia. According to some commentators, the decision about gas and oil cut off was necessary reaction dictated by cost-benefit account.²⁷⁵

Irrespective of the fact which explanation of Russia's stance in these disputes is recognized as credible, these situations should evoke certain conclusions referring to the European Union's own energy security. First, if Russia's moves were indeed dictated by the will to employ energy advantage to exert pressure on the above mentioned states, one may expect that in the future the EU may find itself under similar political leverage. Second, the political frictions with states recognized by Russia as belonging to its sphere of influence, but simultaneously displaying Western orientation, may ultimately lead to disruptions of energy deliveries to the EU. This argument particularly refers to Ukraine, which transits 80% of Russian energy to European states. Henceforth, potential political disputes with transit states may also affect security of the EU's energy supplies.

Similar pattern of using energy matters as political leverage occurred in case of renegotiations of energy contracts with Western companies. Due to this renegotiation process, Shell and BP relinquished their control in Sakhalin II and Kovykta gas fields to the advantage to Gazprom. Similarly, Russia put pressure on Bulgaria and E.O.N. Ruhrgas in 2006 and 2007 respectively in order to renegotiate energy deals with these partners.²⁷⁶ These actions, however, evoke huge disputes regarding Russia's rule of law, since "(t)he revision of legal contracts (..) has violated the principles of the Energy Charter Treaty. Though Russia has not yet ratified the Treaty, Article 45 states that 'each signatory agrees to apply this Treaty provisionally pending its entry into force for such signatory.'"²⁷⁷ In other words, Russia is opposing one of the most basic fundaments of its energy cooperation with the EU.

The Summit 2006 in Sochi only confirmed Russia's purposeful use of energy as a trump card when facing difficulties on the way to its political-economic goals. Putin, the former Russian President, laid down the ultimatum that "West European oil companies would only get better access to Russian oil and gas fields if Russian companies were allowed to buy gas

²⁷⁵ Ibid., p.8, 12, 13.

²⁷⁶ Leonard, Popescu. op. cit., p.20.

²⁷⁷ Ibid., p.20.

distribution companies and other downstream assets in the big EU countries,”²⁷⁸ These events made some observers realize that Russia would not hesitate to threaten European energy security by using its energy dependence on Russian energy resources as a political leverage.

The sphere of energy prices also leaves some space for abuse. Russia tends to differentiate prices of oil and gas regarding domestic and export purpose. Domestic prices are purposely lowered²⁷⁹ to the advantage of Russian energy producers and they are set below profitability level. Therefore, this under-pricing leads to insufficient earnings which Russia must compensate by increase of the energy costs bared by the final foreign energy consumers. This tactic questions stability of prices and may suggest that in the future the EU can find it difficult to bear costs of the energy imports from Russia.

The previously mentioned discrepancy between commitments undertaken in the framework of the EU-Russia cooperation and their factual implementation may actually also point to the existence of certain threats to the EU's energy security. Among numerous factors mentioned as possible reasons for such a situation, two will be considered as potential sources of threats to the EU, namely different approaches and ways of policy making in the EU and Russia as well as bilateral relations maintained by Russia with particular MS.

The underperformance of the EU-Russia cooperation is sometimes attributed to the fact that the two actors have various ways of conducting their policies. Though the EU and Russia share certain interests in the energy security area, they have very different visions of how their goals can be achieved. The European Union attempts to employ general principles of the CFSP in energy relations with Russia: through the mechanism of conditionality it sets certain conditions regarding liberalisation of Russian energy market. Indeed, Energy Dialogue reaches deep into national economic policies, and in particular presses the Russians on energy market liberalisation. Russia does not want to accept the EU's conditionality, since it is believed that it needs to do things in Russian, and not western way. Russians think that this way the EU wants to encroach on their sovereignty and definitely refuse external interference in its policies.²⁸⁰ “The Europeans say Russia can only be a good partner if it opens its economy, protects private property and upholds democratic and human rights - in short, if it becomes more like the EU. Russians say the EU can only be a good partner if it stops trying to interfere in Russia's internal

²⁷⁸ Barysch., “The EU and Russia: From principle to Pragmatism?”, op. cit. p.4.

²⁷⁹ Debra Johnson. “EU–Russian Energy Links: A Marriage of Convenience?” *Government and Opposition*, Vol. 40, No. 2, Spring 2005, p.259.

²⁸⁰ Barysch. “The EU and Russia. Strategic partners or squabbling neighbours?”, op. cit., p.13.

affairs and overcomes its own internal divisions and inconsistencies.”²⁸¹ If one compares energy policies of the two actors, the EU leans towards liberalisation of the energy sector, which is actually tantamount to loosing control. Russia instead moves towards reinforcement of the monopoly structure of its market and attempts to maintain control on energy transport routes. This could suggest the adoption of divergent stances by the two actors: more liberal of the EU and more resembling realist perspective by Russia. This disparity could turn out to be threatening to the EU since its power has been declining through both giving up control in the energy sector due to liberalization process and through actions of MS that can undermine its policies. At the same time, Russia has been strengthening its international influence and position, and has carefully guarded its sovereignty refusing any possibility of impact of the European Union on its policies. Therefore, one could say that within the EU-Russia energy supercomplex certain shifts in the distribution of power has been occurring to the disadvantage of the EU, and thus these developments could be perceived as threatening to the EU.

Other threats may be related to the fact that despite the overall energy cooperation on the EU level, particular Member States maintain also bilateral relations with Russia. This fact allows Russia for “picking off individual EU member states and signing long-term deals which undermine the core principles of the Union’s common strategy.”²⁸² Conditions established within bilateral energy agreements may differ regarding prices or the amount of delivered energy sources and hence, do not necessarily need to be equally advantageous to all EU members. Therefore, each EU Member State strives to work out the most beneficial conditions for itself, emphasizing its national energy interests. This fact triggers quite threatening situation in which particular Member State aims at securing its own national energy deliveries on the first place, neglecting somehow the need to shelter energy security for the EU as a whole. This tendency was particularly visible when Germany decided to join Russia in common undersea gas pipeline project, which evoked strong concerns of other EU members, including Estonia, Latvia, Lithuania and Poland. It is believed that “the development of a Russian-German gas pipeline under the Baltic Sea (..) appears to promise a supply to Germany that other states might not enjoy.”²⁸³ A FOI²⁸⁴ report to the Foreign Affairs Committee of the European Parliament

²⁸¹ Ibid., p.4-5.

²⁸² Leonard, Popescu. op. cit., p.7.

²⁸³ Paul Gallis. “NATO and Energy Security.” Congressional Research Service, Report for Congress, 15 August 2007, p.3.
²⁸⁴ <http://italy.usembassy.gov/pdf/other/RS22409.pdf> [16.03.2008].

confirmed that this project could result in certain security implications for Europe since it would give Russia opportunities to “exert pressure on certain EU countries and (...) affect the EU’s capability for coordinated action.”²⁸⁵

The overwhelming disunity in actions following bilateral energy ties between Member States and Russia does not allow the EU to pull the power of 27 Members together and certainly impedes any attempt to limit growing energy dependency on Russian deliveries. Additionally, this bilateralism enhances strong independent energy behaviour among EU states and hence impedes possibilities to undertake common actions within the energy policy on the EU level.

What is more, Russia willingly utilizes bilateral ties with large European states to obtain more advantageous conditions of the cooperation than those offered by Brussels. Governments of the EU members emphasize common business links, leaving difficult issues like Russia’s poor record on democratic procedures and the protection of human rights to Brussels.²⁸⁶ This, in turn, undermines the assumptions of the EU’s strategies and overall policies in foreign relations. Additionally, Russia’s strategy gives the advantage of converting the energy reliance of the biggest and the most significant Member States into their admittance to Russia’s actions.²⁸⁷ Some argue that the fact of high reliance on Russian resources has prompted states like Germany, France, Italy or the UK²⁸⁸ to abstain from criticizing Russia on the energy cut-offs, bending of democracy and human rights. This may be interpreted as an argument supporting the claim that high reliance on Russian resources may affect policies of member states also in areas other than energy, as well as confirming the leverage that energy rich states possess over energy importers.

Rising demand on energy, both globally and within the EU itself, accompanied by drop of oil and gas output in Russia,²⁸⁹ has led the Member States to worrisome conclusions about

²⁸⁴ FOI (Swedish Defense Research Agency) is Europe’s leading research institute dealing with defense and safety matters.

²⁸⁵ The official website of FOI, the Swedish Defense Research Agency.

http://www.foi.se/FOI/Templates/NewsPage_6805.aspx [16.03.2008].

²⁸⁶ Barysch. “The EU and Russia. Strategic partners or squabbling neighbours?”, op. cit., p.53-54.

²⁸⁷ Katinka Barysch. “Russia, realism and the EU unity.” Policy Brief. Centre for European Reform, London, 2007, p.2.

http://www.cer.org.uk/pdf/policybrief_russia_FINAL_20july07.pdf [18.03.2008].

²⁸⁸ These countries have been fond of a special energy relationship with Russia; however some of them seem to change this attitude due to new European leaders who took over the power recently. Angela Merkel and Nicolas Sarkozy, for example, do not continue precisely the same approach towards Russia as their predecessors. On the contrary, Angela Merkel comes back to debate avoided by Russia on new Central and Eastern Europe’s Member States. She also does not avoid direct criticism towards Russia’s action against civil liberties. Similarly, Sarkozy openly discusses Russia’s democratic weaknesses.

²⁸⁹ Barysch., “The EU and Russia: From principle to Pragmatism?”, op. cit., p.4.

future size of energy supplies available to satisfy growing European demand. Russian energy strategy embracing the period up to 2020²⁹⁰ predicts future energy deliveries for the EU significantly below the EU's energy needs estimated for the same period. Specifically, Russia predicts to deliver only 300 billions cubic meters of Russian gas which would cover only 1/10th of forecasted gas demand submitted by the whole EU.²⁹¹ What is more, "[a]lthough the former Russian President Putin has reassured the Europeans that their existing energy contracts are safe, he has also indicated that Russia wants to increase the share of its oil and gas sold to Asia from 3 per cent to 30 per cent by 2020."²⁹²

The abovementioned developments seem to explain competitive-like behaviour among the EU Members. Increasing demand for energy supplies propounded by the EU area, finite character of available resources and Asian developing and highly populated countries presenting new possible energy outlets, may create conditions where the EU member states will start to compete for energy supplies with each other. This shift would constitute significant danger to the so far achieved level of integrity of all EC countries. Similar reactions are evoked by Russia itself by reinforcing bilateral character of energy cooperation with particular EU member states, as well as discriminating some of the European partners in favor of others. Potential division within the EU may significantly hamper further process of integration and result in breaking the most fundamental idea of European unity.

The abovementioned factors and developments constitute sources of potential threats to the EU's energy security. Some of these threats are objective and refer to commonly recognized tendencies, like those regarding rising demand on energy resources or decreasing energy production within the EU. Other threats in turn are of subjective nature, since they depend on the interpretation of various occurrences within the energy area. For instance, interpretation of energy cut-offs by Russia as a manifestation of the will to use energy as a means of leverage constitutes an example of subjective threat to the EU security. In any case, it is in accordance with Buzan's conceptualization to recognize both objective and subjective factors as affecting security of an analysed entity.

²⁹⁰ Ibid., p.3.

²⁹¹ Barysch. "The EU and Russia. Strategic partners or squabbling neighbours?", op. cit., p.34.

²⁹² Barysch., "The EU and Russia: From principle to Pragmatism?", op. cit., p.3.

What is important, though the abovementioned factors constituting sources of potential threats to the EU's energy security were given as distinct and occurring on different levels, in reality they are interrelated and reinforce each other. To give an example, a global conditions regarding dense concentration of energy beds in few, often politically instable regions, results in the EU's limited possibilities for agreements with energy suppliers, which in turn is a regional factor affecting its security. What is more, globally rising demand also applies for Russia and the EU. As a result, Russia will need to allocate bigger share of its energy production to the satisfaction of domestic needs, and hence will need to limit its export size. Further on, the EU will have to face an increased competition from the side of other countries, especially rapidly developing Asian states including India and China, for the limited resources intended for export by Russia. This may bring even more far-reaching consequences if combined with the lack of common and coherent policy at the EU level towards energy producers and maintenance of the significant part of energy policy competences at the national level. The two factors may result in the competition for Russian resources also among the EU member states, and hence undermine the process of their integration. If in this situation some states will favor their national interests at the cost of common ones, it may result in negative consequences for the EU as a whole due to the tight interconnections between the economies of the EU members. The energy disruptions could evoke economic turbulence in one country that could be further transmitted to other EU states. Moreover, the potential consequences of such developments may also entail political dimension, since it could evoke political disputes between the leaders of member states.

These factors reinforce each other and are interconnected also within particular levels. For instance, the poor European deposits of oil and gas combined with a large share of the two energy sources in the EU's energy mix, and the growing demand for oil and gas of the group as whole results in the growing reliance on external deliveries. What is more, the fact that resources are of finite nature and additionally are concentrated in few regions narrows down the possibility of the EU to avoid dependency relations. On the other hand, the potential possibility of Russia to use its energy base as a measure of leverage on energy dependent countries becomes more probable if the domestic conditions of Russian energy sector are taken into consideration, including Russian monopolies on gas and oil transport and close linkages between the government and energy producing companies. Since Russia would not be willing to give up this control, it blocks the access of foreign companies to its energy sector. This in turn results in a severe underinvestment, manifesting itself inter alia in the aging infrastructure.

The existence of the above discussed threats puts some doubts on the condition of present energy security within the EU and originates a discussion on the reasons for the EU to further tighten its relations with Russia in the energy field.

The analysis

Certain worrisome signals regarding the EU-Russia energy relation, including the current structure of European energy import as well as predictions of future growth of its dependence on Russian energy resources, accompanied by other discussed factors which affect the EU's energy security, may explain why the European Union has been giving a careful consideration to the question of its energy security. It has been discussed that the growing reliance on Russian resources may lead to occurrence or reinforcement of particular threats to overall energy security of the European Union. This in turn leads to the question of why the EU has been actually strengthening its energy cooperation with Russia. The following analysis is expected to deliver a possible answer to this question, considering impossibility to turn to energy alternatives as potential explanation of the EU's stance and subsequently, the chance to balance EU's dependence on Russian resources by developing other spheres of their cooperation.

2.5 The potential energy alternatives for the European Union.

2.5.1 The capacity for potential energy alternatives

The EU and Russia relations may be approached from theoretical perspective suggested by Barry Buzan and adopted to the specific area of energy by Mikko Palonkorpi. Hence the EU, representing demand side, may be building a homogeneous Energy Supercomplex with Russia constituting the supply side. Energy cooperation between these two actors creates security interlinkages, signifying for the EU security of supply, whereas for Russia security of demand. The prior discussion led to the conclusion that it is Russia who enjoys a certain advantage over the EU in this relation, and hence, power is tilted to this country's side. This imbalanced situation could be addressed by the EU in various ways. In particular, an interest of the following discussion will be devoted to a diversification of geographical origins of the EU's energy providers. Through the prism of Buzan's and Palonkorpi's concepts, strengthening cooperation with alternative to Russia energy suppliers could evoke the external transformation of the Energy Supercomplex and lessen the strength of current energy dependency on Russian provider, and in consequence balance the level of overall energy security within the complex.

The question is which of the world's energy providers could become a reliable and secure option for the EU.

Considering world's reserves of fossil fuels, certain countries are globally recognized as energy potentates, classified in the first top 10 countries with regard to oil and gas proven deposits and energy production. Unquestionably, the Middle East could be taken into account as a significant energy alternative for the EU since countries of this region take the leading position in proven oil reserves and come second, after Russia, with respect to gas deposits. Regarding oil, Saudi Arabia, Iran, Iraq, Kuwait, United Arab Emirates and Qatar stay at the disposal of approximately 55% of global deposits. In gas, share of these countries reaches the level of about 40% of the world's proven reserves. Moreover, the biggest share of both oil and gas was distributed in 2006 exactly by this region in 40,5% and 61,5% of total world's distribution respectively. Further, the Caspian region abounds in gas, where proven reserves in Kazakhstan, Turkmenistan and Uzbekistan amount to 4,3% at global level. Moreover, Kazakhstan's oil fields account for 2% of global oil deposits. As for the Northern Africa, Libya and Nigeria with 6% of world's oil deposits and Nigeria, Algeria and Egypt retaining almost 6,4% of global gas reserves classify these states as the third region of European interest. Taking into account production of gas, both the Middle East and North Africa gather 11 world's biggest gas producers, where dominant ones are Saudi Arabia, Algeria and Iran.²⁹³ The significance of these regions is growing since in comparison to other regions, they reveal certain discrepancy between considerable proven oil and gas reserves and their medium extraction amount. In fact, this discrepancy highlights great unexplored energy deposits which might become world's major energy mine. Before that happens, however, certain infrastructural improvements should be made. In fact, some of these countries have been already undertaking visible actions to improve access to their energy markets by promoting LNG export. Oman has been exporting liquefied gas already since 2000, whereas Egypt from 2005 and Qatar from 2006. Yemen and Iran are in the process of introduction to their energy sectors of this means of gas transport.

It is worth mentioning that also Arctic region is estimated to possess even as much as 25% of global oil and gas deposits.²⁹⁴ At present, this region is divided among: Canada, the United States, Norway, Russia and Denmark. Yet since the Arctic exploration is a matter of a

²⁹³ Eurostat statistics 2007 in: *EU energy in figures*, European Commission, Directorate-General for Energy and Transport (DG TREN), p.79-80.

http://ec.europa.eu/dgs/energy_transport/figures/pocketbook/doc/2007/2007_energy_en.pdf [07.04.2008].

²⁹⁴ Euractive. "EU, Norway eye 'huge' Arctic oil and gas deposits." June 2007.

<http://www.euractiv.com/en/energy/eu-norway-eye-huge-arctic-oil-gas-deposits/article-157314> [24.04.2008].

longer term perspective, this region was excluded from our analysis due to initially adopted assumptions on the time frame.

The adopted short-time perspective of the analysis restricts deliberations on possible alternatives other than Russia to those countries which already possess certain energy links with the European Union. The European Community has been seriously committed to relations of bilateral and multilateral character with non-European states possessing some energy deposits. Their cooperation has been gradually changing its focus, initially aiming at strengthening prosperity, stability and security of all concerned parties through offering deeper political relationship and economic integration, and with time focusing also on energy cooperation as one of the areas of common interest.

The framework of the EU's external energy relations embraces several significant cooperation links established between Europe and the abovementioned regions. As a result of its policy of dialogue with these countries, the EU established a firm base for cooperation, which might in the future develop towards even closer energy links. Regarding Caspian and Black Sea region, the EU has already expressed its serious interests in use of their energy resources in 1995, involving in cooperation 21 states under the auspices of Interstate Oil and Gas Transport to Europe Programme (Inogate).²⁹⁵ This concept was aiming at creation of regional pipeline systems which could transfer future Caspian energy deliveries to Europe. Similar energy link called the 'Baku Initiative'²⁹⁶ between the EU (participation of the European Commission) and these two regions was established nine years later, in 2004, what constituted a continuum of already initiated integration of energy markets and infrastructural systems among all signatory parties. The European decision of including Azerbaijan, Georgia and Armenia into European Neighborhood Policy which was announced in June 2004, signalized a clear interest of the EU in this region.²⁹⁷ Moreover, in 2005 Benita Ferrero-Waldner, Commissioner for External Relations & European Neighborhood Policy highlighted in her speech to the European Parliament in

²⁹⁵ Official website of Innogate. <http://www.inogate.org/inogate/en/about> [12.04.2008].

²⁹⁶ Conclusions of the Ministerial Conference on *Energy Co-operation between the EU, the Caspian Littoral States and their neighbouring countries*, Baku, 13 November 2004, p.1. http://ec.europa.eu/dgs/energy_transport/international/regional/caspian/doc/final_energy_conclusions_en.pdf [07.04.2008].

²⁹⁷ Conference on *Working together-strengthening the European Neighborhood*. Statement by H.E. Elmar Mammadyarov, Minister of Foreign Affairs of the Republic of Azerbaijan http://www.eugbc.net/files/3_84_516584_SPEECH-Azerbaijan.pdf [08.04.2008].

Strasbourg that Azerbaijan in particular may become a vital energy partner for the EU “due to its geo-strategic location and energy resources.”²⁹⁸

The broad framework of relations between the EU and North Africa was settled through creation of the Euro-Mediterranean Partnership (Barcelona Process; 1995) which involved 10 Mediterranean Partners (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestinian Authority, Syria, Tunisia and Turkey). Further on, the agreement on integration of electricity markets (2003) between the EU, Algeria, Morocco, and Tunisia took place. The cooperation with northern African countries also takes place within the framework of the European Neighborhood Policy²⁹⁹ (ENP).³⁰⁰

Similarly, in 1988, the EU signed a contractual agreement with a regional energy organization called the Gulf Cooperation Council (GCC), gathering: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates. This agreement originated a framework for more intensified dialogue between Gulf States and the European region. This agreement was aiming at facilitating economic and political relations of these two regions. Energy was mentioned as one of the main areas of cooperation.³⁰¹

Additionally to the abovementioned initiatives, the EU has also signed the Energy Community Treaty (2005) with countries of the Balkan Peninsula, creating an internal market for electricity and gas. The EU has also signalized a significant importance it attaches to these relations by inviting countries from North Africa region and the Gulf Cooperation Council as observers during negotiations of the Energy Community Treaty. Three other countries which belong to the energy focal group of the EU: Turkey, Ukraine, and Norway are considered to join the Energy Community as well.

When analyzing in depth the EU's import structure of oil and gas, it becomes clear that the regions considered as alternatives are in fact responsible for significant gas and oil deliveries. In particular, the biggest oil deliveries regarding these regions should be ascribed to the Middle

²⁹⁸ Speech of Benita Ferrero-Waldner, Commissioner for External Relations & European Neighbourhood Policy to the European Parliament, Strasbourg 2005.

http://ec.europa.eu/external_relations/news/ferrero/2005/sp05_649.htm [08.04.2008].

²⁹⁹ *The European Neighborhood Policy* applies to the EU's immediate neighbors by land or sea – Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Palestinian Authority, Syria, Tunisia and Ukraine. Although Russia is also a neighbor of the EU, its relations with the EU are instead developed through a Strategic Partnership covering four “common spaces”.

³⁰⁰ Commission of the European Communities. *Strategy Paper. Communication from the Commission European Neighbourhood Policy*. Brussels, 2004.

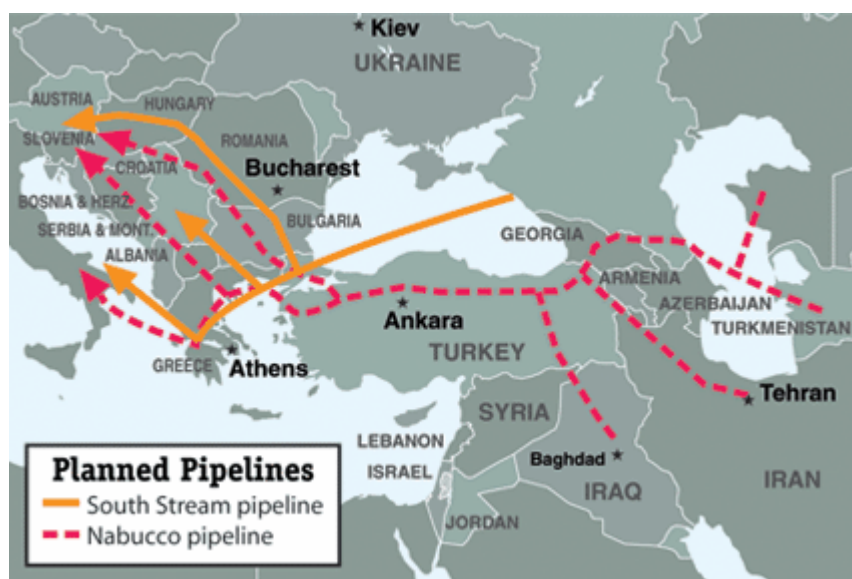
http://ec.europa.eu/world/enp/pdf/strategy/strategy_paper_en.pdf [09.04.2008].

³⁰¹ European Commission. External relations. *The EU & the Gulf Cooperation Council (GCC)*. http://ec.europa.eu/external_relations/gulf_cooperation/intro/index.htm [16.04.2008].

East (Saudi Arabia, Iran, other origins 20,44%), whereas in case of gas, the dominant provider would be region of North Africa, in particular: Algeria, Nigeria, Libya (28,3%).³⁰²

Due to significant delivers the EU receives from these regions, there are already certain infrastructural connections³⁰³ established. Both Caspian and Black Sea region are currently operating on three main pipelines: Caspian oil Pipeline Consortium (CPC), the Baku-Tbilisi-Ceyhan oil pipeline (BTC) and the South Caucasus gas Pipeline (SCP). The CPC transfers oil from Kazakhstan through Russian Novorossiysk port. The BTC Oil Pipeline (July 2006) and the SCP gas pipeline (December 2006) constitute two projects which were strongly supported by the US and NATO ally. The BTC transports oil from both Azerbaijan and Kazakhstan on the Baku-Georgia-Ceyhan (Turkish Mediterranean port) route. In both CPC and BTC, the energy transport is deployed to the international energy markets through Bosphorus Straits. The SCP pipeline system constitutes parallel transportation route to BTC for gas, however, it connects Azerbaijan and Georgia with Europe through Greek transit pipeline.

Figure 4. Gas import routes from the Middle East and Caspian region



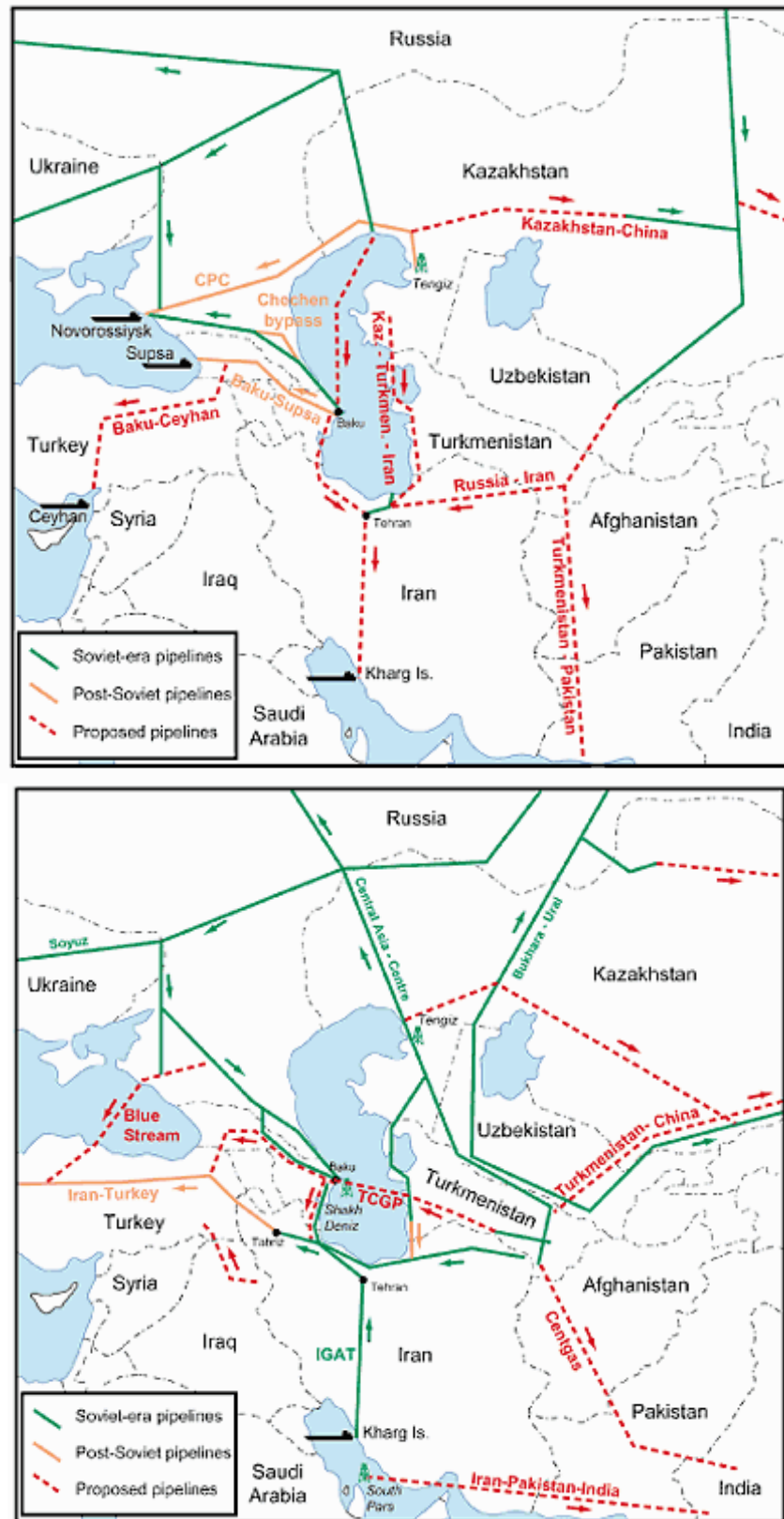
Source: David Wood, "Russia's gas power play", <http://www.energytribune.com/articles.cfm?aid=590> [12.04.2008]

³⁰² Eurostat statistics 2007 in: *EU energy in figures*, European Commission, Directorate-General for Energy and Transport (DG TREN), p.14.

http://ec.europa.eu/dgs/energy_transport/figures/pocketbook/doc/2007/2007_energy_en.pdf [07.04.2008].

³⁰³ Oil and gas can be transported in several ways, including: pipeline systems, tankers, LNG, railways.

Figure 5. Oil and gas pipelines in the Caspian region



Source: Paul Mathieu and Clinton R. Shiells, "The Commonwealth of Independent States' Troubled Energy Sectors", *Finance and Development*, September 2002, Vol. 39, No 3.
<http://www.imf.org/external/pubs/ft/fandd/2002/09/mathieu.htm> [12.04.2008]

Due to these initiatives, Azerbaijan and Georgia became more independent from Russia's political and economic pressure in export of their own oil and gas. What is more, at that time they became a serious non-Russian option for Europe constituting a real "energy gateway" leading directly to oil and gas fields in the Caspian and Black Sea region.

In case of North Africa, the major energy connection is established between Algeria and Spain and Italy which through these two European gates pipes almost all of its gas to Europe. Additionally, gas is also delivered to the EU from the North Africa in the liquefied form (LNG). There are several LNG providers within this region including Algeria and Egypt, where Algeria is ranked as the world's third largest exporter of liquefied gas. Currently, North African gas is being delivered either through pipeline systems (56%) or as LNG export (44%). Algeria might be recognized as the main gate leading from North Africa to Europe since the biggest gas pipeline connection, Transmed, links these two parties via Tunisia and an undersea link to Italy, Algeria's biggest energy receiver. Additionally, Algeria has been also responsible for significant LNG deliveries to other countries of Southern Europe. These deliveries cover an important part of the EU's energy needs, in particular these submitted by the southern member states. Moreover, the role of the North Africa as a potential alternative may further increase since countries of this region are forecasting to further expand to the EU market. Indeed, some new infrastructural initiatives have been planned, including the Galsi, a new direct link from Algeria, as well as new Libya Greenstream gas pipeline. Some Northern African states, notably Egypt and Nigeria, are also planning to set up more LNG import terminals to increase the number of European gas recipients.

As it is visible from the abovementioned facts, the EU has already established serious energy cooperation with areas in question what could be interpreted as a real chance for development of energy ties with alternative to Russia regions. All these partners belong to either energy suppliers or states transiting the EU's energy supplies. Hence, this existing network might turn out to constitute the fundamentals for future diversification of sources and supply routes for the EU. Indeed, the quick review of energy rich regions and their so far established commitments with the EU seems to indicate the existence of certain serious energy alternatives for diversification. Yet at least with reference to the Caspian states, the problem is that the existing pipeline infrastructure which connects this region to the EU still seems to be prone to the Russian influence. Specifically, a considerable amount of energy from the Caspian region flows to the EU through the Russian territory. Therefore, it is of high importance to transfer

these future supplies through completely independent from Russia pipeline infrastructure systems.

In fact, the EU has been engaging in numerous pipeline system initiatives undertaken within the region in question. Most prominent projects include a construction of Nabucco pipeline, which would carry Caspian and Middle Eastern gas through Turkey to Southeastern and Central Europe. The gas pipeline is expected to be in operation in 2013. Further on, there has been some serious planning upon directing Azerbaijani oil transport towards Poland. This concept assumes extension of existing infrastructural links between Europe and Georgia under the Black Sea or shipment of oil deliveries directly to Ukrainian Odessa. This is the starting point for European pipeline, which shall transfer oil deliveries to the Ukrainian-polish border in Brody, and further to Polish cities of Plock and Gdansk. Further concepts predict also continuation of this pipeline from Poland to the Baltics. Another prominent project embraces the construction of the Interconnector-Greece-Italy (IGI) pipeline, which is expected to be in operation in 2012. The IGI would constitute an extension of the infrastructural system transporting Caspian natural gas via Turkey (through the SCP pipeline) to Greece (through the Interconnector-Turkey-Greece, TGI). All three abovementioned projects would bring forth certain benefits to both the European Union and Caspian states. The EU would gain a stronger basis to diversify its energy import origins, while Caspian energy producers would be ensured regular earnings. Moreover, the tighter energy cooperation of the two parties could help to considerably reduce Russia's impact on this region, which could turn out to be at the benefit of Caspian states as well as of the EU.

This issue entails a further question of the following considerations, namely what could be the reaction of Russia to the reinforced efforts of the European Union to diversify its import origins which might diminish Russia's role as its energy partner. Actually Russia's moves in the energy area may suggest that this country can try to hamper the EU's efforts to diversify its suppliers. Such tendencies are visible when considering existing pipeline systems and planned investments in energy transportation. Russia has been simply outmaneuvering each pipeline concept of the EU which might have reduced Russian influence in this aspect. As a result, Russia possesses majority of pipeline systems supplying the EU with oil and gas and influences strongly neighboring countries which transit their deliveries through Russia's territory. Due to its overwhelming engagement in infrastructural projects Russia seems to increase its power in energy transit. The reason for doing so might be found in Russia's energy strategy to 2020,

which predicts significant decrease of energy exports to the EU market.³⁰⁴ Such a drastic drop in energy supplies might not leave any other choice for the EU than turn to alternative energy suppliers what might significantly threaten Russia's influence on European energy consumers. Therefore, for Russia it might be strategically profitable to retain dominant position as the energy supplier and make transit routes one of the main spheres of its influence and this way to protect its own energy security.

In this aspect, Russia might be characterized with extraordinary active presence in various new pipeline projects. Russia attempts to join the already launched ones and in case of facing strong resistance, it launches simultaneously its own oil and gas investments, luring the participants of the unreachable projects with better offer. To give an example, one may recall the case of Hungary which in the very last moment before starting the Nabucco pipeline project supported by the EU, decided to sign up for competitive South Stream project under Russian auspices. Similar reaction of Russia was already evoked by European moves to involve in building pipelines linking it with alternative energy providers. In particular, Russia's Blue Stream gas pipeline under the Black Sea blocked the EU-US attempts to connect Turkmenistan directly with Europe and ensure direct flow of Turkmen gas through Turkey without Russia's involvement. With this fast and dexterous move, Russia has undermined legitimacy of the EU-US initiative. Furthermore, as a response to the EU's project Nabucco intended to pipe about 3 billion cubic feet per day (bn cfd) of gas from Caspian region and Iran, Russia tempted the main Caspian energy providers with higher prices for their gas what resulted in signing long-term energy contracts with Turkmenistan and Kazakhstan already in December 2007 for delivery of 2 bn cfd. In the future, these deliveries were supposed to be enhanced by gas production from Uzbekistan. This agreement undermines the Nabucco project since Caspian gas production is bound to be insufficient to fill up both the EU and Russia's pipelines. Similarly, Russia has already secured its position in case of TGI pipeline. When its efforts to reach an agreement with Greece and Bulgaria on the Burgas – Alexandroupolis turned out to be successful, Russia immediately reinforced its efforts to strengthen energy cooperation with Italy, which ultimately led to signing of long term supply contracts already in 2007. Admittedly, Russia's attempts to hamper building alternatives to its deliveries by the EU have focused on the resources from the Caspian region, yet similar behaviour may be noticed with reference to the North Africa. Russia

³⁰⁴ Katinka Barysch., "The EU and Russia: From principle to Pragmatism?" Policy Brief. Centre for European Reform, London, 2006, p.3.
http://www.cer.org.uk/pdf/EU_russia_barysch_final_10nov06.pdf [18.03.2008].

has been highlighting its energy interests in deposits of this region and actually announced its strong hopes for future cooperation with Algeria during the official visit which the former President Putin paid to this country in 2006. By doing so Russia tries to ensure its future influence on Algeria which seems to have great chances to become leader in LNG exports to Europe. The above given facts seem to confirm that Russia has been hampering the most promising alternatives for the EU to diversify its energy deliveries. These developments may suggest that attempts by the EU to lessen Russia's role in the group's energy security are bound to encounter Russia's resistance. This stance resembles realist's perspective on the inter-state relations and security matters. When translating it into energy security, Russia seems to build its strong energy position within Europe on the basis of general dominance over energy supplies and transporting routes of energy to the EU, its biggest energy consumer. The energy capacity became a tool allowing to effectively influence energy security of Europe. Therefore, Russia might hamper all of these EU's actions which might lead to increase of European energy capacity without Russia's presence.

Another question need to be touched upon in deliberations on turning to alternative energy providers, namely whether this move would indeed increase security of supplies to the European Union. Despite being at the disposal of significant energy deposits, the energy rich regions in question may bring some doubts regarding their overall stability. In particular, Caspian region might in the future bring forth certain troubles due to unresolved ownership status of the Caspian Sea. It is estimated that bottom of the sea hides at least six undeveloped fields of oil and gas. Legal status of the Caspian Sea appeared to be problematic along with dissolution of the Soviet Union in 1991 when suddenly the number of states which arrogated certain rights to these fields increased. Due to the fact that currently there are five littoral states, it is of the utmost importance to resolve the question of possession and development rights. So far, only Russia, Azerbaijan and Kazakhstan agreed on this matter and there is no visible sign from the other two states: Iran and Turkmenistan, which would allow to expect a solution of this problem any time soon. This fact evokes certain thoughts regarding possible future conflicts over the energy fields. Therefore, it questions future reliability of this particular region. What is more, some political unrest taking place in the Caspian region, in particular Nagorno-Karabakh conflict³⁰⁵ and internal clashes within Georgia, may evoke serious doubts regarding secure

³⁰⁵ *Nagorno-Karabakh conflict* - the armed ethnic conflict between the predominantly ethnic Armenians of Nagorno-Karabakh backed by the Republic of Armenia against the Republic of Azerbaijan.(February 1988 - May

utilization of regional pipeline systems running through its territory. These local conflicts undermine the security of existing pipeline infrastructure but also threaten new projected transportation routes.

Significant risks might be also recognized in the Middle East which energy accessibility has been visibly hampered with terrorist attack. Their presence might jeopardize European energy security even more seriously than energy overdependency since terrorism is less predictable and its effects are difficult to estimate. Shifting European energy reliance towards the Middle East might empower the existing terrorist organization al-Qaeda.³⁰⁶ Assuming that this cooperation would develop an extensive infrastructural system, one may ensure these pipelines to become future target of terrorist attacks. Turning towards this particular region may also bring more energy uncertainty evoked by the internal ownership structure of oil fields. It is said that lack of transparency, state-owned monopolies and general abuse of energy matters for political purposes is deeply rooted in this region.³⁰⁷ Surprisingly, choice of this region was supposed to protect energy deliveries to the EU from these threats. Therefore, the Middle East alternative reveals certain shortcomings in political security which may increase even more energy insecurity of the EU. When analyzing energy relations between states from the Middle East and energy importers, several cases of energy shortage shed some light of doubts on reliability of these energy providers. In particular, in 2006 Iran, second largest gas provider to Turkey, stopped some gas deliveries as well as engaged in price disputes.³⁰⁸ The fact of such disruptions should not prejudice reliability of energy deliveries from this region to Europe. However, they should not be neglected either.

Significant threat to regular energy supplies from the Middle East may also originate from certain religious conflicts. The region might be soon torn by some clashes between states of Sunnism and Shiism – the first and the second largest denominations of Islam.³⁰⁹ It might be assumed that religion in Islamic countries would certainly not give way to political and economic issues. Therefore, the EU should consider possible effects of potential conflict

1994), It took place in the small ethnic enclave of Nagorno-Karabakh in southwestern Azerbaijan. The conflict involved also other countries, in particular Russia and Turkey.

³⁰⁶ *Al-Qaeda* – a terrorist organization, founded in 1988 by Abdullah Yusuf Azzam after the Soviet War in Afghanistan. Al-Qaeda is responsible for attacks on civilian and military targets in various countries.

³⁰⁷ Gideon Rose. “Energy security and the Middle East.” *Studies in Contemporary History and Security Policy*. Vol. 3, 1999, p.236-237.

http://cms.isn.ch/public/docs/doc_126_259_en.pdf [26.04.2008].

³⁰⁸ John C.K. Daly. “Analysis: Turkey embraces wind power”, Washington, (UPI), February 2008.

http://www.spacedaily.com/reports/Analysis_Turkey_embraces_wind_power_999.html [11.04.2008].

³⁰⁹ Gwen Okruhlik. “Saudi Arabian-Iranian relations: External rapprochement and internal consolidation.” *Middle East Polic*, Vol. X, No 2, 2003, p.115.

between Saudi Arabia, the dominant energy provider in the Middle East and leader of Sunni and Iran, which is also recognized as one of the prominent energy suppliers, however belonging to emerging Shi Islam. Depending on the scope of the potential conflict, its results might significantly change dynamics of this sub-region and might bring far-reaching consequences for European energy security.

Additional problem is the fact that none of the EU's current energy suppliers from these areas have ratified the Energy Charter Treaty (1998). ECT provisions regarding energy security regulate significant aspects, in particular trade (ECT, Part IV, Article 29), protection of investment (ECT, Part III, Article 10) and transit (ECT, Part II, Article 7) of energy within the ECT region. For states which have not ratified the revision of the former ECT (1994), not even these regulations are obligatory, which means that they do not have to align to free market rules do not need to allow free flow of foreign investment in their existing infrastructure and finally, they do not need to facilitate transit of energy resources through their respective territories. Saudi Arabia, Iran and Kuwait – currently main oil suppliers – are holding the position of observers only, which means that they agreed on respecting solely these provisions of the ECT which do not interfere with their own policies and interests. Similarly, the process of ECT ratification is still pending in states of North Africa: Algeria and Nigeria. The most secure alternative for the EU in this aspect would be cooperation with Azerbaijan, Turkmenistan or Georgia which among states of Caspian region have become the only members of the ECT.

Significant considerations should be also devoted to the impact which certain European requirements may have on accessibility of these regions. The EU is well known for its firm adherence of liberalized market and respect for rule of law. Moreover, it also expects its energy partners to stick to the same rules. However, problematic issue is that only the EU recognizes that high significance of these rules. Given the level of advancement and pace of implementation of these rules in some neighboring states, one may suspect that these liberal requirements of the EU would be recognized as unnecessary in the opinion of future energy providers what may result in their engagement with other less demanding energy consumers. When taking into account the case of Iran, the EU certainly could not accept its visible lack of respect for human rights and democracy (death sentences, discrimination of minorities, prosecution of human rights defenders, lack of freedom of expression, etc)³¹⁰ as well as widespread acceptance of terrorism.

³¹⁰ Iran - speech of Benita Ferrero-Waldner, European Commissioner for External Relations and European Neighbourhood Policy, European Parliament, Strasbourg 25.10.2007, p.2.

On the other hand, Iran does not seem to strive for changes within these matters. Therefore, highly restrictive EU requirements clashed with lack of understanding on Iranian side might result in failure of their energy cooperation. In this case, more appealing for Iran might be China and India which do not link energy cooperation with economic and political conditionality.

The abovementioned facts may indicate that regions which have been defined as potential energy alternatives in fact may truly play this role for Europe in the future due to their abundant energy resources and capacity to increase energy flows to the EU, existing and planned transportation infrastructure, and already established energy cooperation with the European Union. Yet consideration of other factors, including Russia's potential reaction on the EU's moves towards strengthening its ties with alternative providers, as well as some political concerns, seem to produce doubts whether turning to these alternatives would be actually desirable.

Since Russia constitutes the major energy provider to Europe, its presence in EU energy area cannot be completely excluded. Yet the EU might still have certain available alternatives which could help it to significantly diminish its reliance on Russian energy deliveries. In fact, some of these alternatives demand reconsideration and further risk analysis whether the EU's potential alignments with them could factually bring an increase of the group's energy security. In case of the Middle East, despite abundance in energy resources of this region, the security of energy deliveries leaves some space for discussion due to potentially strong political instability of this region. Caspian region evokes less uncertainty regarding a possibility of a large-scale conflict; however, in this case the EU must act fast not to let Caspian states turn towards emerging energy consumers in China and India. Moreover, this region seems to give some possibilities for new energy transportation infrastructure which might enhance future energy capacity of the EU. Yet in this case a prominent issue is Russia's strong influence in the region, notably on gas originating from Turkmenistan and Kazakhstan. Russia may be particularly active to impede the EU's attempts to build stronger energy ties with states of this region. Similarly, energy exporters of North Africa might be regarded as possible energy alternative for the future, in particular due to significant gas resources and their pro-Western attitude what may give some chances for positive future cooperation.

2.5.2 Common will among the EU member states to build energy alternatives

The conducted analysis of potential possibilities for the EU to turn to alternative energy regions in a short term seems to lead to a conclusion that Europe has certain opportunities to diversify its energy suppliers and therefore diminish its own overdependence on Russian deliveries. According to the above presented facts, member states might have real chance to expand its energy cooperation with suppliers other than Russia, however tighter alliances with alternative energy providers would require common will and consensus of all EU member states.

The fact that Gazprom has been signing long-term contracts with some of the member states provokes serious considerations whether all involved EU countries see the establishment of energy alternatives as a necessity. Indeed, building new energy alternatives by the EU as a whole would demand a shared stance towards Russia and similar perceptions of high dependence on its energy supplies, as well as the common attitude towards new potential energy providers. In order to establish whether reaching consensus on these matters would be possible, one needs to consider strength and perception of energy relations with Russia displayed by particular EU members. It is also worth analyzing whether new energy alliances would in fact strengthen the EU's energy security, and whether all member states would be equally supportive to the idea of reinforcing energy cooperation with other external suppliers at the cost of Russia.

In order to find answers to these questions, one has to take a look at the national level where the majority of energy competencies is placed. The fact that most issues concerning energy security have been left at the national level resulted in the situation where the energy policies in 27 EU members differ from one state to another. Due to strategic character attributed to energy, each member state is making use of its significant independence in decision-making process, establishing its energy policy to its own advantage.

The opinions among the member states on the necessity for alternative to Russia energy suppliers might be affected by diversified factors. If one refers to the theoretical concepts suggested by Barry Buzan and Mikko Palonkorpi, it could be assumed that the will of each member state to seek alternatives to Russia depends on its the energy mix, in particular share of oil and gas within its general consumption scheme as well as on the level of its dependency on Russian energy supplies, and perceptions of Russia in friendly or hostile terms. These factors shall deliver a picture of strength of dependencies existing within the EU-Russia energy

supercomplex, as well as a character of these ties determined by positive or negative perception of reliance on Russia by the EU member states.

In the consumption scheme within the EU-27, there is a visible dominance of two fossil fuels: oil (36,9%) and gas (24,5%), accompanied by rather low share of other available energy sources.³¹¹ An exception from this tendency constitute: Poland, Czech Republic, Bulgaria and Estonia where consumption of solid fuels prevails significantly in their national energy mixes.³¹²

Next to the three so far mentioned energy resources, it is also important to take a closer look at nuclear energy since it is the fourth most consumed energy resource among the EU states. When analyzing its use among particular members, it appears to constitute significant share particularly in France, where its use covers almost half of its energy demand, fluctuating at the level of 42,3% of the total energy consumption. Similarly, a significant share of nuclear energy within energy mix can be pointed in case of Lithuania and Sweden.

There are also other member states which utilize this particular energy source (Slovenia and Slovakia); one may notice small increase year by year in use of it by these states, however in relative numbers it takes small part of the total energy consumption.. Certain group of EU members gathers also renewable energy users, focusing mostly on biomass and hydro energy.³¹³ This resource, however, constitutes the smallest 6,6% share of the overall energy use within the EU. The biggest shares of this energy resource can be found in energy mix of several EU states: Latvia, Sweden, Finland and Austria. However in majority of 27 states renewable energy share in national energy mix remains insignificant.

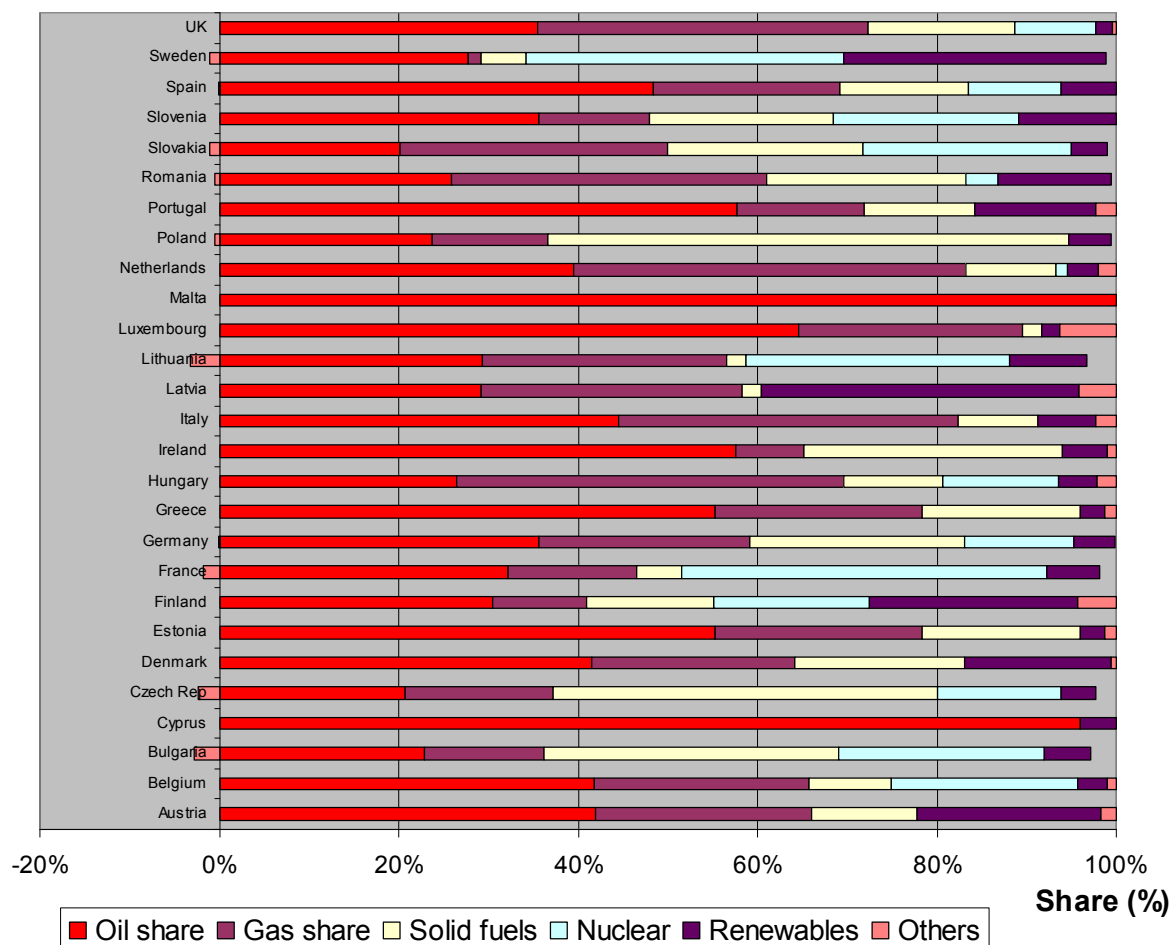
At this point of analysis, it can be concluded that there is a strong diversity in reliance on particular energy resources demonstrated by national energy mixes. In fact, majority of energy consuming states falls under rule of gas and/or oil predominance. Within the whole EU, there are several states which based their energy mixes on these two fossil fuels. These are: Malta, Cyprus, Portugal, the UK, Spain, Luxembourg, Netherlands, Italy, Ireland, Hungary, Greece, Austria, Belgium, Denmark, and Romania. However, one needs to bear in mind that this is only general tendency which should not be acknowledged to all EU's national energy consumption schemes. Therefore, high sensitivity to any change regarding oil and/or gas should not be ascribed to all EU states.

³¹¹ Eurostat statistics 2007 in: *EU energy in figures*, op. cit. p.12.

³¹² Ibid., p.10.

³¹³ Ibid., p.11.

Figure 6. Energy mix of particular member states the EU – 27 (2005)



Source: Eurostat statistics 2007 in: *EU energy in figures*, European Commission, Directorate-General for Energy and Transport (DG TREN)

This strong diversity between particular EU members is also related to the origins of particular fossil fuels. Less energy vulnerability might be expected from these states which utilize their internal energy deposits, what may make them more neutral towards any changes in origins of energy supplies. Instead, these shifts may influence at most energy security of states which are to a significant extent dependent on external deliveries of oil and gas.

In general, six out of 27 states stay at disposal of some internal oil and gas resources (Denmark, Italy, Germany, Netherlands, Poland, Romania and the UK).³¹⁴ Only three of them,

³¹⁴ BP Statistical Review of World Energy June 2007, p. 6;22.

http://www.deutschebp.de/liveassets/bp_internet/germany/STAGING/home_assets/assets/deutsche_bp/broschueren/statistical_review_of_world_energy_full_report_2007.pdf [07.04.2008].

however, are able to cover its internal energy needs and devote some of energy resources to export. These are: Denmark, Holland and the UK. Denmark covers its relatively low energy demand of both oil and gas. Similarly, the UK uses its own oil supplies. Finally, Holland exploits its gas deposits.³¹⁵

As it was mentioned above, there are three countries within the whole group of 27 EU members which indicate net exports of oil or/and gas: Denmark (net exporter of both oil and gas), the UK (oil net exporter) and Holland (gas net exporter).³¹⁶

Table 5. Import dependency (%)³¹⁷, (EU, 2005)

Country	Oil	Gas	Solid Fuels
Belgium	100.8	100.6	101.1
Bulgaria	102.6	87.7	37.0
Czech Republic	97.4	97.8	-17.4
Denmark	-104.8	-113.9	94.3
Germany	97.1	81.3	32.4
Estonia	71.8	100	0.9
Ireland	99.7	86.7	73.3
Greece	97.7	99.1	4.1
Spain	101.2	101.4	69.7
France	99.6	99.3	94.7
Italy	91.8	84.7	99.3
Cyprus	102.3		120.8
Latvia	102.3	105.6	94.2
Lithuania	92.7	100.6	94.6
Luksembourg	99.4	100	100.0
Malta	-	-	-
Hungary	79.2	81.1	43.4
Netherlands	97.1	-59.3	101.5
Austria	92.2	88.1	97.7
Poland	96	69.7	-22.6
Portugal	102.2	103.8	96.3
Romania	38.1	30.1	33.1
Slovenia	101.1	99.6	21.0
Slovakia	81.9	97.2	88.5
Finland	98.8	100	67.8
Sweden	103.9	100	93.8
UK	-2.6	7	71.9

Source: Eurostat statistics 2007 in: *EU energy in figures*, European Commission, Directorate-General for Energy and Transport (DG TREN)

³¹⁵ Eurostat statistics 2007 in: *EU energy in figures*, op. cit., p.10.

³¹⁶ Ibid., p.13.

³¹⁷ *Import dependency*= net import/ gross inland consumption + bunkers.

When taking a look at import dependency on all fuels, Denmark turns out to be the least dependent state within the whole EU where its coal dependency is actually overbalanced with internal abundant oil and gas resources. Therefore, Denmark might indicate rather high energy security and seem to retain insensitive to potential shortages in oil and gas deliveries which might not be perceived as threats to energy security. As for Holland and the UK, their internal energy deposits result in relatively low import dependency, including on Russian resources. This might lead to the conclusion that these states might not be particularly involved in general political and economic threats discussion stemming from energy dependency. Therefore, these states in the short term may have no energy-related incentives to actively engage in building alternative to Russia energy alliances.

The above indicated high consumption share of both oil and gas in the EU and its incomparably low internal deposits of these two resources explain strong necessity to satisfy its demand with a considerable share of external supplies. For the EU as a whole Russia plays the dominant role among the EU's energy suppliers with the share of 29,9% in the EU's oil imports and 42,43% in its gas imports. However, also in this case the dependency on Russia is not evenly spread within the whole European Union. When analyzing the geographical layout of import dependence and origins of oil and gas supplies among particular member states, it seems that high dependence on Russian energy deposits is not created by regular deployment of energy deliveries among all energy-importing countries within the EU. On the contrary, within the EU there are member states which do not import any oil or gas from Russia, such as Denmark, Ireland or Malta, and there are countries whose almost all oil and gas imports originate in Russia, such as Latvia, Lithuania or Slovakia. In fact, generally one may identify a correlation between the geographical proximity to Russia and the dependency level on Russian energy deliveries, where increase of the first is followed by increase of the second variable (see tables below).

Given the differentiated dependence levels on Russian imports among the EU members and the fact of very high reliance on Russia of a certain group of European states, a question arises of how the rest of oil and gas dependent states handle their energy needs and whether this fact may have any influence on their attitude towards shifting to new energy alternatives.

Table 6. Energy dependency level on Russia, EU - 27

State	Oil import from Russia	Gas import from Russia	Dependency level
Austria	16%	82%	medium
Belgium	40%	2%	medium
Bulgaria	89%	100%	very high
Cyprus	31%	0%	very low
Czech Rep	69%	74%	very high
Denmark	0%	0%	none
Estonia	0%	100%	high
Finland	77%	100%	very high
France	15%	21%	medium
Germany	33%	45%	medium
Greece	29%	82%	high
Hungary	98%	81%	very high
Ireland	0%	0%	none
Italy	23%	37%	medium
Latvia	97%	100%	very high
Lithuania	94%	100%	very high
Luxembourg	0%	0	none
Malta	0%	0%	none
Netherlands	28%	0%	low
Poland	96%	63%	very high
Portugal	7%	0%	very low
Romania	62%	100%	very high
Slovakia	99%	100%	very high
Slovenia	0%	60%	medium
Spain	16%	0%	very low
Sweden	26%	0%	low
UK	14%	0%	very low

Source: Commission of the European Communities. "EU energy policy data", Commission Staff Working Document, Brussels, 10.10.2007.

http://ec.europa.eu/energy/energy_policy/doc/02_eu_energy_policy_data_en.pdf [12.04.2008]

Analysing energy situation in France, one may undoubtedly confirm strong dependence on external oil and gas deliveries originating from North Africa and the Middle East, whereas Russia's share in this import is not dominant. Similarly, Spain, Portugal and Italy constitute a group of countries which are currently to a larger extent dependent on energy deliveries from North Africa and the Middle East than from Russia. These significant dependencies may question the eagerness of southern states to support the abovementioned regions as the alternatives for energy deliveries to the EU since by doing so they would increase even more their already high energy dependence on these providers. Moreover, such step of diversifying

towards the North Africa and the Middle East might not bring expected increase in European energy security since this would only shift the geographical region on which the EU would be highly dependent but would not eliminate overdependency as such. Therefore, the expected energy security would be achieved only by some EU members at the expense of others.

The energy dependence on external providers appears to be the crucial factor influencing states' will to move towards energy alternatives. However, one needs to recognize other factors influencing particular member states' choices and assess whether despite the existence of these factors, all states might work out common stance and reach an agreement on particular energy alternatives.

One of the influential factors which may be regarded as having certain impact on stance towards energy alternatives could be found in the existence of different national energy policies. These policies represent energy strategies of particular states and hence may suggest how states perceive energy security and how they are aiming at it. In particular, Germany recognizes its energy security as one of key policy objectives; however this state does not see a way to improve it through diminishing its dependence on Russia. Instead, it favors general relations with its dominant supplier. What is more, currently Germany is phasing out nuclear plants, what according to International Energy Agency might force Germany to increase its dependence on external supplies, in particular on these from Russia.³¹⁸ These projections, however, seem not to be regarded in Germany as a threat, what may suggest that this member state may not view diminishing Russia's role in major energy deliveries to Europe as a necessity. On the contrary, Poland which represents similar to Germany dependence on Russian energy deliveries, conducts policy which visibly aims at decrease of external energy dependence, in particular the one from Russia. In this case, the option of aligning with alternative providers might be appreciated, quite differently than it may appear to be in Germany. Comparing the short term energy policy of the UK, one may see another quite different stance, where due to net exports oil, the UK³¹⁹ is not that highly affected by external energy supplies, and hence in this EU member diversification of energy providers is not highlighted. Instead, it prefers to diversify internally energy resources by striving for development of renewable resources as well as by giving certain thought to nuclear power. Similarly, France in its energy policy opts for diversification of resources, notably

³¹⁸ Down to Earth. *IEA doubtful of Germany's energy security*. Press release. April, 12, 2008.

http://www.downtoearth.org.in/full6.asp?foldername=20070715&filename=news&sec_id=4&sid=19 [11.04.2008].

³¹⁹ "Our energy challenge. Securing clean affordable energy for the long term", Energy Review, Consultation Document, January 2006.

http://fire.pppl.gov/uk_energy_review_2006.pdf [08.04.2008].

through a high share of nuclear and renewable energy in its consumption, as a means to enhance its energy security. This state is also to a considerable extent dependent on external supplies, however Russian share in these deliveries is not dominant, hence this dependence might not be perceived as threatening.

As a result of retaining crucial energy competencies at national level, states enjoy their full sovereignty in this aspect and run energy policies according to their own energy preferences. This results in unquestionable divergence of their policies and energy-related goals and reveals different views on how to achieve greater energy security and what can constitute a threat to it. Therefore, one may conclude that different energy policies result from different and subjective energy security perceptions. Some states view rather poor diversification of energy resources as potentially problematic, while others perceive considerable reliance on external energy delivers as potentially threatening. Germany constitutes completely different example; in its subjective perception this state does not view high reliance on Russia as threatening, even though in objective terms it could be regarded as a threat.

The subjectivity of security can be best pictured by different approaches of particular member states to the energy ties with Russia. Indeed, similarly high reliance on Russian resources does not necessarily result in similar attitude towards Russia. To give an example, Germany and Poland are both highly supported by Russia in oil and gas. Despite this common dependence, Poland opts for diminishing Russia's influences through new energy alliances whereas Germany seems to favor Russia and deliberately strengthens its energy ties with this supplier. These different stances stem from divergent perceptions of Russia and of dependence on Russian resources; Poland may view such situation as threatening, while Germany may perceive tightening energy relations with Russia as a way to improve its energy security.

Germany certainly treats Russia as its ally³²⁰, acknowledging it a key role in its national energy policy. In particular, the former Chancellor Gerhard Schroeder and current Chancellor Angela Merkel have been emphasizing Russia's role in Germany's energy security. By now, German companies as the only European ones were granted an access to Siberian gas fields.

These cordial relations which seem to develop between Russia and Germany evoke serious uncertainty of Poland. As it was mentioned before, Poland perceives reliance on Russia in negative terms and strives for diminishing its dependence on Russian energy. In this situation,

³²⁰ Simon Araloff. "All Quiet on the Eastern Front: Merkel Comes to Understanding with Putin", Axis-Information and Analysis, 17.01.2006.
<http://www.axisglobe.com/article.asp?article=599> [11.04.2008].

reinforcement of German-Russian ties is viewed with suspicion. Poland believes that energy crises which happened in Ukraine and Belarus resulted from purposeful Russian strategy of using energy as a tool of pressure. Bearing this in mind, Poland is anxious about its own energy supplies. Moreover, these uncertainties are enhanced with the German-Russian gas pipeline project which bypasses Poland.³²¹

Poland shares its reluctance towards Russia in particular with Latvia, Lithuania and Estonia. Currently, the Baltic states distance themselves from closer energy relations with Russia, and they display visible will to build new energy alliances. One may look for reasons of such stances of these states in the past. Some member states which joined the EU in 2004 had been a part of the Soviet Union or had belonged to its satellite republics. During these times, Russia was dominating over these states and hence, some past experiences might be regarded as a strong factor which affects today's imagination these states hold about Russian Federation. Despite the collapse of the Soviet Union in 1991 and political independence of Baltic States since then, Russia has never got along with these three states. Instead, it keeps accusing Latvia and Estonia of lack of tolerance for Russian minorities living in these two states.³²² Poland's attitude is similar to this present among Baltic States, which may be also influenced by certain enmity stemming from the past Soviet period. Similarly to Baltic States, Poland may try to diminish Russia's influence in the sphere of energy within the European Union.

Admittedly, the Baltic States are to the highest degree dependent on Russian energy imports in the whole EU; they register total dependence on Russian gas, and Lithuania and Latvia's reliance on Russian oil similarly reaches almost 100%. Yet enmity attitude towards Russia does not necessarily follow a significant energy dependency. On the contrary, some states seem to favor such a close relation. In particular, Germany and Italy represent states of considerable level of dependence on Russian energy, yet this fact does not hamper their further engagement in long term gas contracts with Russia. These states have their followers; Belgium³²³ initiated already talks on future pipeline in cooperation with Gazprom.

³²¹ EurActive. "Transatlantic debate highlights energy security worries", 03.05.2006.
<http://www.euractiv.com/en/energy/transatlantic-debate-highlights-energy-security-worries/article-154869>
[11.04.2008].

³²² Lionel Beehner. "Energy's Impact on EU-Russian Relations", Council on Foreign Relations, 10.01.2006.
<http://www.cfr.org/publication/9535/> [12.04.2008].

³²³ Simon Araloff. "EU - Russia Summit: The Triumph of the Kremlin's Power Diplomacy", Axis-Information and Analysis, 05.10.2005.
<http://www.axisglobe.com/article.asp?article=414> [13.04.2008].

The UK and France might be regarded as presenting similar stance towards future relations with Russia. Both of them are not highly dependent on its energy deliveries; however in order not to struggle with this threat in the future, they declare that joint energy initiatives with Russia may take place under certain conditions. Among others, they name ratification by Russia of the Energy Charter Treaty and its transit Protocol as the most important prerequisite for secure cooperation with Russia in the future. These states do believe that this step would lead to greater transparency of Russian market and open access to its infrastructure what could evoke future higher security for the EU³²⁴.

Taking into account the above mentioned opinions of particular member states, one may conclude that there is no clear unified stance towards Russia. Due to various attitudes towards this supplier stemming from enmities and amities, one may expect visible diversity in opinions on aligning with new energy alternatives.

To complete the discussion on the possibility of achievement a consensus on turning to alternative to Russia energy suppliers, one could consider the opinions of particular EU states on creation of common external energy policy. It might be recognized that many countries express rather firm objection to this idea or simply do not present clear stance, while others strongly support it. The EEP might mean for some states firm interference in their favored bilateral relations with energy providers and thereby a certain limitation of their energy sovereignty. In this aspect, the concept of turning to energy alternatives could be regarded as similar to EEP in the sense that both of these ideas would demand certain reduction of national energy ambitions to the advantage of common European ones. Therefore, the analysis of individual stances of particular states towards creation of external energy policy may help in recognition of opinions on energy alternatives.

As for Germany, this state opts for retaining energy competencies at the national level; however it has been calling for synchronization of diverse national preferences regarding energy suppliers.³²⁵

The UK appears to regard transferring of energy competences to the EU level as unnecessary. This state officially highlights security matters to be these of national government's

³²⁴ Embassy of France in the United States, "Future of Europe", Paris, March 2006.

http://www.ambafrance-us.org/news/statmnts/2006/colonna_interview_latvian_newspaper033006.asp [12.04.2008].

³²⁵ "Merkel calls for 15-year EU energy strategy"

http://www.ft.com/cms/s/0/26d2628e-9fae-11da-a703-0000779e2340.html?nclink_check=1 [12.04.2008].

interests. Instead, it currently recognizes the EEP more as an interaction between diverse policies, related to energy issues: trade, external relations and environment.

Poland could be an example of few countries which openly admit to strive in their attempts to reduce energy reliance on Russian supplies. Polish representatives expressed the opinion that overdependency and potential shortages in energy deliveries constitute these cases where joint action of the whole EU is needed. Poland would expect the EU as a whole to take more firm stance towards Russia. Very clear picture of Poland's concept of EEP was the 2006 proposal to create the European Energy Security Treaty³²⁶, known also as an "energy security pact". This concept was based on solidarity rule and assumed fast reaction of all signatories in case one of participating states was facing energy crisis. This pact demanded, however, temporary renunciation of national energy interests in favor of the troubled state. This proposal, in fact, did not encounter much enthusiasm from the side of other EU members. Due to current bilateral relations with energy providers, a firm opposition might be expected from the side of these member states which have worked out very positive energy relations with their own energy providers. Therefore, these states might be less eager to consciously jeopardize these relations for the sake of other states which have been struggling with energy matters.

To conclude, the deliberations on the validity of claim that the EU tightens its cooperation with Russia due to lack of alternatives in the short term, several questions need to be highlighted. Basically the conducted analysis points out that the EU has at its disposal certain energy alternatives which could intensify their deliveries to European states and hence, diminish growing energy dependence on Russia. The pointed regions which could be regarded as potential energy alternatives for the EU stay at disposal of significant energy resources what might guarantee expected future capacity of energy deliveries to Europe. However, it turns out that strengthening relations with these alternatives might increase the energy security only for particular states within the EU. Yet the European countries are highly diversified with respect to their energy mixes, energy policies and dependency levels on Russian resources, as well as in terms of their attitudes towards Russia, and hence a compromise in this matter may be very difficult to achieve. Actually it turns out that strengthening relations with alternative energy providers might increase the energy security only for particular states within the EU. Indeed, the EU member states represent strongly diversified opinions on factual necessity for turning to

³²⁶ Simon Araloff. "Euro Summit 2006: End of Moscow's Power Monopoly?", Axis-Information and Analysis, 23.03.2006.
<http://www.axisglobe.com/article.asp?article=751> [13.04.2008].

alternative suppliers and therefore, they do not share common will for joint action to move in this direction. Although they all equally express the need to increase their own energy security as well as overall energy security within the EU, they point at different means to achieve it.

2.6 The overall cooperation of the EU and Russia – potential to balance energy dependency

An alternative explanation of the EU's stance relying on tightening energy relations with Russia despite risks stemming from the increasing dependence on Russian resources may be sought in the broader pattern of the EU- Russia relations. As close neighbours and the two significant powers on the European landmass, the two actors are interconnected with a multitude of linkages, expanding beyond the energy cooperation. Perhaps approaching the EU-Russia supercomplex in terms of their overall relations, and thus adopting the perspective of heterogeneous security complexes, where different dimensions – economic, political and others overlap, could deliver a potential response to the EU's stance towards Russia. The comprehensive approach to the EU-Russia cooperation, embracing all dimensions of their relation, may reveal the shape of interdependencies and power relations which could balance the EU's dependence on energy supplies from Russia.

Adopting Buzan's logic to analysis of overall relations between the EU and Russia, one would expect the two actors to be highly interlinked with bonds of various nature, embracing notably economic, political, and security aspects. This assumption derives from the geographical proximity of the EU and Russia, which, according to Buzan, should entail relatively intensive interdependence links. Indeed, Russia is the EU's largest neighbour, brought even closer by the subsequent enlargements of 2004 and 2007.³²⁷ Currently Russia borders on five EU members, and thereby shares a frontier of about 2200 kilometers long with EU countries. The EU also completely surrounds Russia's Kaliningrad region, an exclave located between Poland and Lithuania.³²⁸

³²⁷ European Commission, Directorate-General for External Relations. "The European Union and Russia: Close neighbours, Global Players, Strategic Partners." Luxembourg: Office for Official Publications of the European Communities, 2007, p.3.

http://ec.europa.eu/external_relations/library/publications/russia_brochure07_en.pdf [07.04.2008].

³²⁸ Dov Lynch. "Russia's Strategic Partnership with Europe." *The Washington Quarterly*, Vol. 27, No. 2, Spring 2004, p.100-102.

The analysis of interdependencies existing between the EU and Russia requires looking both at the strategic goals of their cooperation, which indicate the desired future direction of their relation, as well as at the actually existing ties at presence.

2.6.1 The framework of the EU-Russia strategic partnership

The general framework of the EU-Russia cooperation was established by the Partnership and Cooperation Agreement (PCA), which entered into force in 1997. The PCA basically comprised an array of general objectives of the cooperation, which covered mainly trade and economic issues. Specifically, the prominent long-term goal adopted in the agreement was an ultimate creation of the Free Trade Area (FTA) between the EU and Russia. To this end, the parties agreed on the application of the *most-favoured nation* (MFN) clause in the mutual trade exchange, which meant that the lowest available tariff was extended to Russian or EU goods respectively. They also decided to abolish quantitative restrictions imposed on goods imported from the other party and agreed to provide a non-discriminatory treatment of such goods in terms of internal charges, laws and regulations. Furthermore, it was decided that the customs procedures would be simplified and free movement of current payments and capital (including investments) would be facilitated. Certain provisions were also adopted with regard to approximation of rules and standards, including company and banking law, technical standards, rules of competition, public procurement etc. Moreover, it was stated that Russia will benefit from the Community's financial assistance within the framework of the Tacis programme, which was expected to contribute to the economic transformation of the country. Apart from the extensive trade and economic provisions, the PCA also addressed other spheres of mutual cooperation, including political dialogue, cooperation on prevention of illegal activities such as corruption, money laundering, drugs trafficking and illegal immigration, as well as cooperation on research, education and cultural matters. Yet in comparison to economic issues, these areas were devoted much less attention in the agreement.³²⁹

At the EU-Russia summit in St Petersburg in May 2003 it was decided that the cooperation shall be framed in the four *Common Spaces*, which in addition to economics and trade embraced internal security matters, foreign and security policy, and science, education and

³²⁹ *Agreement on Partnership and Cooperation establishing a partnership between the European Communities and their Member States, of the one part, and the Russian Federation, of the other part.*
http://ec.europa.eu/external_relations/ceeca/pca/pca_russia.pdf [06.04.2008].

culture.³³⁰ During the 2005 summit in Moscow the EU and Russia adopted so-called *Road Maps* to provide specific short- and medium-term measures for building the *Common Spaces*. Thereby the overall cooperation of the EU and Russia was structured into four major thematic blocks, which shall be analysed with an emphasis placed on economic and security matters.

2.6.2 Analysis of economic interdependencies between the EU and Russia

Strategic goals regarding the economic sphere of the EU-Russia cooperation come down to the creation of the *Common Economic Space* (CES). The basic objective stated in the *Road Map* for the CES is “the creation of an open and integrated market between the EU and Russia”.³³¹ This general goal was intended to be achieved notably through setting conditions which would promote trade and investment flows and lead to convergence of relevant regulatory norms and standards. In particular, the climate investment was supposed to be improved through ensuring transparency, predictability and simplification of relevant regulations. Trade flows were to be facilitated by standardization of customs and transit procedures. As for regulatory convergence, the adopted goals embraced development of harmonized and compatible technical standards and regulations on specific industrial products, harmonization of legislation on financial services (banking, insurance, securities), approximation of competition legislation, etc. Further, the CES provisions were also aiming at strengthening EU-Russia cooperation in particular sectors, notably in telecommunications and transport, energy, space and environment.³³²

Some scholars, including Barysch, Kaveshnikov, Kempe and Smith, stress that even though the EU relies on Russia in certain sectors, notably on Russian energy supplies, the overall economic relationship is characterized by asymmetric interdependence to the EU advantage. It is argued that the EU is playing much more essential role for the Russian economy than vice versa.³³³ To evaluate the validity of this claim, one needs to take a closer look and trade

³³⁰ *The EU-Russia review*. Issue two. A report commissioned by The EU-Russia Centre, Brussels, November 2006, p.13.

http://www.eu-russiacentre.org/assets/files/REVIEW2_final.pdf [10.04.2008].

³³¹ *Road Map for the Common Economic Space-Building Blocks for Sustained Economic Growth*, p.1.

http://ec.europa.eu/external_relations/russia/russia_docs/road_map_ces.pdf [13.04.2008].

³³² *Road Map for the Common Economic Space-Building Blocks for Sustained Economic Growth*.

http://ec.europa.eu/external_relations/russia/russia_docs/road_map_ces.pdf [13.04.2008].

³³³ Nikolay Kaveshnikov. “EU-Russia relations: how to overcome deadlock of mutual misunderstanding?” Université Catholique de Louvain, Institute d’Études Européennes Document no. 29, Louvain, January 2003, p.8.

<http://www.uclouvain.be/cps/ucl/doc/euro/documents/Kaveshnikov.pdf> [13.04.2008].

exchange, investment flows and other aspects of the EU-Russia relations affecting the state of economies of the two actors.

As for trade, the two parties appear to be increasingly interlinked. Their mutual trade exchange displays a growing tendency: in the period of 2000 to 2006, the value of EU exports of goods to Russia more than tripled (from 22,7 to 72,4 billion euro), while EU imports from Russia more than doubled (from 63,8 to 140,6 billion euro).³³⁴ Considering the directions of trade flows, the EU turns out to be Russia's most important partner. Indeed, it ranks first both in Russian imports (44.8%) and exports (56,2%). What is important, other major partners are of considerably smaller importance for Russian trade; in case of imports, the share of other states merely reaches several percent, and amounts to 8 % for Ukraine, 7,5% for China and 6% for Japan. Similar situation regards Russian exports, where other biggest partners play considerably smaller role in Russia's trade: the shares of China, Ukraine and Turkey merely amount to 5,5%, 5,2% and 4,6% respectively.³³⁵ These statistics indicate that the EU is not only Russia's biggest trade partner, but also it enjoys significant supremacy in terms of trade share and trade volume over other Russia's partners.

However, in terms of trade exchange, Russia does not represent equally significant partner for the European Union. For most big EU companies, Russia represents a market of only secondary importance.³³⁶ Among the EU's trading partners, Russia ranks third with merely 10% of imports share and 6,2% of EU exports. The EU runs considerably more intensive trade exchange with the US (13% of the EU's imports share and as much as 23% of its exports), with China (14,2% of the EU's imports) and Switzerland (7,4% of the EU's exports).³³⁷ In general, the EU's trade flows are considerably more dispersed than Russia's; origins of EU's imports and destinations for its exports are more diversified and thus the EU is not dependent on any single trade partner to the similar extent that Russia relies on the EU.

The asymmetry is also reflected in the composition of mutual trade flows. Russia mainly sells oil and gas to the EU (65,4%), but very few manufactured goods (8,2%). The EU, on the other hand, exports mainly manufactured goods (71,5%), including machinery, chemicals and

³³⁴ European Commission, Directorate-General for External Relations. "The European Union and Russia..", op. cit., p.7.

³³⁵ Ibid., p.27.

³³⁶ Katinka Barysch. "The EU and Russia. Strategic partners or squabbling neighbours?" Centre for European Reform, London, 2004, p.15-17.

http://www.cer.org.uk/pdf/p564_russia_strat_squabb.pdf [14.02.2008].

³³⁷ European Commission, Directorate-General for External Relations. op. cit., p.27.

transport equipment.³³⁸ The Russian export composition combined with the EU's share in overall Russian exports reveals that the country highly relies on revenues obtained from energy sales to the European market.

Companies from the EU are also important investors in the fast-developing Russian economy. The stock of EU foreign direct investment (FDI) in Russia reached 31,3 billion euro by the end of 2005. In the same period, the stock of Russian FDI in the EU amounted to 9,2 billion euro.³³⁹ Thus one may depict the EU-Russia trade and investment flows as intensive, though noting that for Russia the EU plays definitely more important role than vice versa.

Apart from the already existing close trade links between the two parties, the PCA opened the perspective of creating the Free Trade Area between the EU and Russia in the future. In July 2006 the EU suggested that talks on FTA could be opened as part of the negotiations on a new agreement replacing the current PCA.³⁴⁰ The establishment of FTA could constitute a valuable perspective for Russia, as it would enable it to gain better access to the EU markets, and hence help to diversify its economy. This is especially important since a heavy dependence on revenues from energy exports makes Russian economy vulnerable to changes of energy prices; a prolonged price drop could easily lead to recession and instability. However, there has been little progress towards the creation of FTA; the long-term objective of free trade area seems almost as distant today as a decade ago.³⁴¹ Similarly, the EU and Russia have made little progress in the legal approximation and harmonization that underlies the CES. One reason of such a development can be the fact that for the time being Russia visibly concentrates on securing markets for its oil and gas sales, rather than securing better market access for its manufactured goods, despite the fact that this choice of priorities is obviously short-sighted.³⁴² In this context, perhaps the EU's suggestion to open FTA talks did not meet with much enthusiasm from Russian side as Russia may expect that the EU will link the offer of free trade to demands of greater liberalization of the Russian energy sector. Possibly for the time being the benefits of FTA do not seem appealing enough to Russia to compromise on such crucial matters as energy sector reform or third-party access to pipelines.³⁴³ Russia might view acceptance of these

³³⁸ Ibid., p.28.

³³⁹ Ibid., p.31.

³⁴⁰ *The EU-Russia review*. op. cit., p.15.

³⁴¹ Marius Vahl. "A privileged partnership? EU-Russian relations in a comparative perspective." Danish Institute for International Studies Working Paper No. 2006/3, Copenhagen, January 2006, p.3-4.
http://www.diis.dk/graphics/Publications/WP2006/3_m_vahl_privileged_partnership.pdf [11.04.2008].

³⁴² *The EU-Russia review*. op. cit., p.16.

³⁴³ Ibid., p.15.

conditions as a move leading to the loss of state's control over one among few assets which allow it to maintain significant influence in world economic as well as political-security affairs.

Although there have been certain factors which hampered the effective and dynamic development of the *Common Economic Space*, the economic sphere of cooperation reveals multiple and relatively strong interlinkages between the EU and Russia. There is also a visible tendency of tightening trade ties between the two actors given the growing volume of mutual trade exchange. Additionally, strategic goals of EU-Russia cooperation in the economic sphere, notably regarding the creation of Free Trade Area, reveal that the two actors are heading towards even more intensive trade and economic relations. Indeed, the economic cooperation has been dominating the agenda of the EU-Russia partnership; this sphere was devoted most attention in the PCA provisions, and the *Road Map for Common Economic Space* was relatively more developed than the other three *Spaces* of mutual cooperation. The analysis of the distribution of power between the EU and Russia in the economic dimension of their Supercomplex, measured by the extent to which one side is reliant upon the other, reveals that the advantage leans towards the European Union. Indeed, the EU constitutes the dominant business partner for Russia and takes the overwhelming share of Russia's trade. Russia instead constitutes only a secondary market for the EU, though its economy has a significant potential to be explored by EU businesses. Apart from trade flows, for Russia the importance of the cooperation with the EU also stems from significant investment flows and a future perspective of FTA, which certainly will become more appealing to Russia once energy prices drop, or priorities of the governmental elites change.

2.6.3 Analysis of security interdependencies between the EU and Russia

Further interlinkages between the EU and Russia have been created in the political and security sphere. Though these aspects of cooperation were given very limited attention in the Partnership and Cooperation Agreement, the subsequent *Common Spaces* and corresponding *Road Maps* incorporated shared political and security interests into the framework of the EU-Russia cooperation. The security interdependencies existing within the EU-Russia Supercomplex may be divided into internal and external security aspects, which is consistent with areas of concern addressed in the further two *Common Spaces*, namely the *Common Space of Freedom, Security and Justice* and the *Common Space on External Security*.

2.6.3.1 *Internal dimension of security cooperation*

The second *Common Space* to be created between the EU and Russia regards the internal dimension of security issues. The provisions within the *Road Map for the Common Space of Freedom, Security and Justice* are divided into three thematic blocks. Under the Freedom part, the main objective is to facilitate traveling between the EU and Russia and in the long-term perspective create a visa-free travel regime. Additionally, this part of the *Road Map* lists measures to fight illegal migration and to strengthen border protection. In the area of Security, the two sides have specified common actions to be taken in order to combat terrorism, corruption and transnational organized crime, including money-laundering, trafficking of narcotic drugs and of human beings. The last area regarding Justice seeks to support judicial reform, contribute to the efficiency and independence of the judicial system, and enhance the EU-Russia cooperation on criminal and civil matters.³⁴⁴

Achievements and created linkages in the area of internal security can be identified in all three areas of freedom, security and judicial cooperation. In particular, within the area of freedom, efforts have been concentrated upon the mutual visa facilitation. With the recent EU enlargements, Russian citizens lost the right to visa-free travel in the countries of Central and Eastern Europe, since these states were incorporated into the Schengen regime.³⁴⁵ Yet the agreement on the simplification of visa issuance and on readmission was reached in May 2006 at the EU-Russia summit in Sochi, and it entered into force in June 2007. The visa facilitation agreement reiterated the long-term goal of visa-free regime, and for the time being introduced simplified procedures for issuing visas (including less documentary evidence to be presented, shorter procedures for processing visa applications, waiving of visa fees for certain categories of persons, visa exemptions for holders of diplomatic passports).³⁴⁶ Within the agreement on readmission in turn, the EU and Russia agreed to take back immigrants who have illegally entered the other party's territory. Initially, readmission covers only EU and Russian citizens illegally living on the other's territory. However, "as soon as the corresponding bilateral

³⁴⁴ *Road Map for the Common Space of Freedom, Security and Justice*.
http://ec.europa.eu/external_relations/russia/russia_docs/road_map_ces.pdf [13.04.2008].

³⁴⁵ The Schengen regime regulates the issuance of visas within the EU.
Official portal to the European Union. <http://www.delind.ec.europa.eu/en/features/schengen Visa.htm> [14.04.2008].

³⁴⁶ European Commission, Directorate-General for External Relations. "The European Union and Russia..", op. cit., p.14.

arrangements on readmission with third countries are concluded, or after a three year period, the readmission agreement will [also] affect the third countries' nationals".³⁴⁷

The question of free movement is especially important for inhabitants of the Russian enclave of Kaliningrad. The EU denied to grant citizens of Kaliningrad an exemption from its visa requirements, perhaps due to the enclave's bad reputation with regard to the high criminality. Yet ultimately the EU and Russia reached a compromise at least on the question of transit. Since July 2003, Russians travelling between Kaliningrad and Russia's mainland can obtain a so-called 'facilitated transit document', which is basically a very simplified visa issued quickly and free of charge.³⁴⁸ However, this system applies only to transit, which means that citizens of Kaliningrad who want to visit neighbouring Lithuania or Poland need to follow regular rules.³⁴⁹

In the second area covered by the discussed *Common Space*, namely security, the EU and Russia have been taking certain steps inter alia to jointly combat terrorism.³⁵⁰ Moreover, the two parties have conducted a number of dialogues on specific, security-related issues, including border security and combating drug threat, intended to be completed by signing sectoral agreements. In November 2003, the two sides signed an agreement on the exchange of information and intelligence data, which is expected to contribute inter alia to counteracting terrorism, illegal immigration and drug trafficking. At the meeting of the Permanent Partnership Council in March 2006, Russia and the EU agreed on further steps for the implementation of the *Road Map*, including countering cybercrime and enhancing documents security, inter alia through gradual inclusion of biometric data into a number of identity documents.³⁵¹

Last, in the area of justice, it has been argued that so far cooperation in this matter has been the least developed part of the Russia-EU relationship. Contact between Russian Justice Ministry and Eurojust have started as late as the end of 2003 and at least until recently have been limited to single and specific cases. Yet some specific programmes regarding education of Russian judges, legal administrators and court officers about European standards have been

³⁴⁷ *The EU-Russia review*. op. cit., p.42.

³⁴⁸ Barysch. "The EU and Russia. Strategic partners or squabbling neighbours?", op. cit., p.47-48.

³⁴⁹ Actually the Russian interests regarding Kaliningrad region reach further than merely transit of people. This is also inter alia a question of transit of goods, or even energy supplies; due to lack of Kaliningrad's economic self-sufficiency, each year some 25 million tones of goods are shipped between the exclave and the Russian mainland. Therefore, questions of transit fees, customs checks and freight insurance are significant for Russia's interests. Barysch, "Strategic partners..", op. cit., p.49.

³⁵⁰ Since actually fight with the terrorism is both a part of the Common Space of Freedom, Security and Justice and the Common Space on External Security, specific measures taken within this aim will be discussed in the framework of the latter Space.

³⁵¹ *The EU-Russia review*. Op. cit., p.40-43.

conducted in several regions of Russia. Moreover, foundations have been laid down to prepare agreements on cooperation between Russia and Eurojust in civil, commercial and criminal matters.³⁵²

2.6.3.2 *External dimension of security cooperation*

Common objectives and interests of the EU and Russia in the sphere of foreign politics and external security matters are addressed in the *Road Map for the Common Space on External Security*. Specific provisions regard intensification of EU-Russia bilateral dialogue on political and security issues, and strengthening of international order based on multilateralism, in particular within the UN, OSCE and the Council of Europe. Within this space, the EU and Russia also seek to strengthen their cooperation on counterterrorism, non-proliferation of weapons of mass destruction, export controls and disarmament, which is expected to lead to further convergence of their positions and possible coordination of activities within existing international mechanisms. Other sphere of cooperation mentioned in the *Road Map* embraces the dialogue on crisis management, which should prepare ground for joint initiatives in the settlement of conflicts. Finally, certain measures were adopted aiming at reinforcement of common ability to respond to disasters and emergencies, inter alia through constant information exchange during an emergency, and possible requests or offers of assistance.³⁵³

Though the *Common Space on External Security* was officially introduced in 2005, the cooperation between the EU and Russia in the relevant sphere begun already in 2000, when the political and security dialogue was launched. Since then, mutual consultations and agreements concerning political and security questions have proliferated. In addition to semiannual summits, the dialogue has been held through regular consultations between the EU's Political and Security Committee (the main EU body concerned with security decision making) and the Russian ambassador in Brussels. There have been also regular meetings between the EU Military Committee chairman and the Chief of General Staff of the Russian Federation, as well as meetings held at the expert level. In 2002, Russia also assigned an officer as liaison to the EU Military Staff in Brussels.³⁵⁴

³⁵² Ibid., p.43-44.

³⁵³ *Road Map for the Common Space of External Security*.

http://ec.europa.eu/external_relations/russia/russia_docs/road_map_ces.pdf [13.04.2008].

³⁵⁴ Lynch. "Russia's Strategic..", op. cit., p.108-111.

The security dialogue has been addressing issues which subsequently were incorporated into the *Common Space on External Security*.

First, Russia and the EU have sought to coordinate their positions on a broad spectrum of international issues. These discussions have provided both partners with a platform to exchange views and to seek common solutions.³⁵⁵ For instance, the two parties have issued numerous joint statements on various questions arising in the Balkans and in the Middle East. The EU and Russia revealed similar views on a number of international security questions, ranging from the role of the UN to that of the Quartet in the Israeli-Palestinian conflict.³⁵⁶ What is more, the EU and Russia share instable and unsettled common neighbourhood; the regional conflicts in Moldova (Transdnistria) and the South Caucasus (Abkhazia, South Ossetia and Nagorno-Karabakh) are discussed on a regular basis.³⁵⁷ With reference to cooperation in the framework of international organizations, for the EU Russia's permanent seat in the UN Security Council of the critical importance on such issues as North Korea and Iran.³⁵⁸

Second, Brussels and Moscow have been carrying on a dialogue on the issues of conflict prevention and crisis management. In this area, the EU has developed modalities for the participation of Russian forces in EU crisis management operations which assume the EU to initiate an intensified dialogue in case a crisis emerges and to inform Russia if an operation is being considered. A practical example of the cooperation in this field includes sending five officers by Russia to participate in the EU Police Mission in Bosnia and Herzegovina in 2003.³⁵⁹

Third, in the area of counterterrorism, in October 2001 the EU and Russia reached an agreement on measures to jointly combat terrorism, including information exchange on dubious transactions, terrorist activities and networks, and obstructing terrorist groups' financial sources. In 2002, Russia and the EU committed to cooperate in bringing to justice individuals responsible for terrorist acts, from direct perpetrators to those financing such activities.³⁶⁰ Moreover, there have been regular meetings between the EU Counter Terrorism Coordinator and the Russian Special Presidential Envoy which have enabled the two parts to exchange information and best

³⁵⁵ European Commission, Directorate-General for External Relations. "The European Union and Russia..", op. cit., p.16.

³⁵⁶ Lynch. "Russia's Strategic..", op. cit., p.108-111.

³⁵⁷ European Commission, Directorate-General for External Relations. "The European Union and Russia..", op. cit., p.16.

³⁵⁸ Zeyno Baran. "EU Energy Security: Time to end Russian leverage." *The Washington Quarterly*, Vol. 30, No. 4, Autumn 2007, p.142.

³⁵⁹ Lynch. "Russia's Strategic..", op. cit., p.108-111.

³⁶⁰ Ibid., p.108-111.

practices.³⁶¹ In 2006, during a meeting of the Permanent Partnership Council, further priorities within the goal of combating terrorism were identified, including protection of infrastructures, training of special units and planning for emergency situations.³⁶²

Finally, the two partners cooperate on such issues as the nuclear safety and disarmament. In particular, the EU and Russia similarly underline the need to reinforce multilateral arms control and disarmament agreements.³⁶³

Basically one would expect the foreign and security policy cooperation between the EU and Russia to produce strong interdependence ties within their Supercomplex. The two actors have at their disposal favourable institutional arrangements of their mutual cooperation; meetings take place on a frequent basis and involve even the highest-level representatives, and questions under discussion represent a very wide spectrum of topics. Moreover, the EU and Russia share numerous interests and concerns, embracing international terrorism, the proliferation of weapons of mass destruction, or the resolution of conflicts, such as those in the common neighbourhood, the Middle East, Afghanistan, the Western Balkans and Sudan.³⁶⁴ Therefore, there is a strong basis for a close cooperation on political and security matters, which allows to expect the security interlinkages between the EU and Russia to be relatively strong. Yet instead most experts reveal a considerable doze of skepticism when speaking about the state of EU-Russia cooperation on foreign and security policy.³⁶⁵ They point that as a whole, the dialogue has remained nascent, weak on substance and to a large extent declaratory.³⁶⁶ Such state of affairs may be related to a number of factors.

Though basically there is a consensus on common threats between the two parties, in numerous practical aspects Russia and the European Union display divergent views. In most general terms, perhaps the EU does not appeal to Russia as a potentially influential foreign policy actor due to relatively slow dynamics of the EU's Common Foreign and Security Policy (CFSP) and the European Security and Defence Policy (ESDP). What is more, the two sides reveal contradictory visions of the ESDP's scope and goals. In contrast to Russia, the EU does not view ESDP as a driving force for the creation of a common European security space, but

³⁶¹ European Commission, Directorate-General for External Relations. "The European Union and Russia..", op. cit., p.14.

³⁶² *The EU-Russia review*. op. cit., p.41.

³⁶³ Lynch. "Russia's Strategic..", op. cit., p.108-111.

³⁶⁴ European Commission, Directorate-General for External Relations. "The European Union and Russia..", op. cit., p.3.

³⁶⁵ *The EU-Russia review*. op. cit., p.22.

³⁶⁶ Lynch. "Russia's Strategic..", op. cit., p.111-112.

rather as a limited tool of the EU's foreign policy, utilized to manage arising crises. Divergent views are also displayed by both sides on the modalities for Russian involvement in ESDP operations. Moscow wishes equality with EU member states at all levels of decision-making process, from a joint Russian-EU assessment of a situation to a shared command and control. Meanwhile, though the European Union allows for a participation of non-EU states in its ESDP operations, this external involvement does not allow for full participation in the process of decision making or for joint drafting of concepts of operations. Additionally, the EU's desire potentially not to seek UN mandate concerns Moscow, since it would deprive Russia of the possibility to obstruct the EU's operations in the UN Security Council. Russian administration is also concerned by the increasing geographical span of EU operations, in particular by the possibility that it may reach Russian borders with states from the former Soviet Union, especially in the Caucasus.³⁶⁷

Moreover, some practical aspects of security cooperation reveal wide gaps. To give an example, both the EU and Russia attach high importance to the question of international terrorism in their security policies, however different attitudes to critical issues, for instance how to define a terrorist, which groups should be classified as terrorist organisations or which means to use to combat terrorism, hamper the prospects for their cooperation.³⁶⁸ This refers to the problem of Chechnya in particular. Russian authorities have proclaimed the Chechen rebels to be terrorists, and thereby have insisted that any past or future military campaign in Chechnya is fully legitimate. Meanwhile, the European Union has repeatedly appealed to Moscow for restraining its armed forces in Chechnya, securing human rights and making efforts to find a political solution to the conflict. Russia, in turn, has accused the EU of applying double standards, in particular after the Chechen leader Akhmed Zakayev was granted political asylum by the United Kingdom in 2003.³⁶⁹

Furthermore, the political views of the two actors on certain international matters differ significantly, just to mention the question of Kosovo's status or accession of Ukraine or Georgia to the NATO. Indeed, countries being a part of the 'common neighbourhood' of the EU and Russia may deliver strong incentives to cooperate, but may just as well cause strong frictions in their relationship. The EU becomes increasingly involved in Eastern Europe and South Caucasus, notably through the European Neighbourhood Policy (ENP), offering countries of

³⁶⁷ Ibid., p.111-112.

³⁶⁸ *The EU-Russia review*. op. cit., p.23.

³⁶⁹ Barysch. "The EU and Russia. Strategic partners or squabbling neighbours?", op. cit., p.40.

these regions the prospect of a close association.³⁷⁰ Moreover, the EU reveals growing interest in addressing the conflicts in Moldova and the South Caucasus. These tendencies in the EU's policy may be perceived as competitive to Russian interests. Russia has traditionally linked the Commonwealth of Independent States members to its sphere of strategic, economic and political interests, and the EU's policy of offering these countries access to its market could tempt them to move closer to the West and away from Russia.³⁷¹ Indeed, some member states, including Estonia, Latvia and Lithuania, call rather for counterbalancing Russia's influence in the region through integration of the Eastern Europe into European and transatlantic structures, than for coordination of the relevant EU's policies with Russia's actions.³⁷² Additional political tensions may arise due to different interpretations of the regional conflicts by the EU and Russia. Moscow accuses the EU of applying double standards, namely of allowing for the right to self-determination in case of Balkans, and at the same time insisting on the right to territorial integrity in case of the Caucasus.³⁷³ Due to these clashing perceptions of the two actors, many observers expect the common neighbourhood to generate frictions rather than to stimulate cooperation.

Analysis of existing security ties within the EU-Russia supercomplex, both in internal and external aspects, appears to lead to the conclusion that security links binding the EU and Russia are numerous, but not as strong as economic ties. The strength of security bonds seems to be weakened by different views revealed by the EU and Russia on some prominent issues, such as the status of Kosovo, or classification of Chechen rebels as terrorists opted for by the Russian side. It turns out that despite generally shared concerns and interests, the consensus on some political and security issues has been sometimes difficult to achieve. What needs to be stressed is that unlike in case of the economic cooperation, in the sphere of security ties one cannot unambiguously point at one side of the relation as enjoying an advantage over the other. Interests and inputs of the two sides seem to be rather balanced. Hence one could conclude that the power distribution in the security cooperation is not visibly tilted to the EU side, and thus perhaps this sphere of the relations with Russia should not be expected to balance high reliance on Russian

³⁷⁰ Official portal to the European Union.
http://ec.europa.eu/world/enp/policy_en.htm [15.04.2008].

³⁷¹ Barysch. "The EU and Russia. Strategic partners or squabbling neighbours?", op. cit., p.44.

³⁷² Iris Kempe, Daniel Grotzky. "Crossroads of cooperation: the future of EU-Russian relations and the impact of the Baltic states". *Lithuanian Foreign Policy Review*, Issue 18/2006, p.32.
http://www.lfpr.lt/uploads/File/Current/Kempe_ENG.pdf [09.04.2008].

³⁷³ Katinka Barysch. "Partnership with Russia in Europe. Notes from the 4th roundtable." Centre for European Reform, London, December 2006, p.13.
http://www.cer.org.uk/pdf/partnership_with_russia_barysch_dec06.pdf [12.04.2008].

energy supplies. However, the security cooperation contributes to the further rise of prominence of the EU as Russia's strategic partner and to the further approximation of the two partners, both on the international scene and in the cooperation on issues related to the Justice and Home Affairs area. These commonalities, though not likely to balance dependence on Russian energy, may actually soften some threats stemming from this dependence, or lower the probability of their occurrence. For instance existence of multiple ties with the EU, both of economic and political-security nature, may discourage Russia from turning to other potential recipients of its energy, for example India or China. Unlike in its relation with the EU, close cooperation with these Asian states may entail some economic or even security uncertainties. The European Union in turn constitutes a strategic partner which provides Russia with stable revenues from energy sales, constitutes its key business partner and is itself unlikely to generate security threats to Russia. Therefore, given the overall economic and political interests, perhaps Moscow would be more willing to stick to its close relations with the EU and not to put it at risk through stronger orientating towards alternative energy recipients from Asia.

2.6.4 *Other aspects of the EU-Russia cooperation*

Though the analysis of interlinkages existing within the Supercomplex formed by the EU and Russia focused on economic and political-security aspects, one needs to stress that the two actors are additionally tied by linkages of other character. These ties, though not attributed the utmost attention in the analysis, are also significant, since they reinforce mutual dependencies and bring the two actors even closer.

For instance, the EU and Russia are additionally interconnected by bonds of scientific, educational and cultural cooperation within the framework of the fourth *Common Space*.³⁷⁴ Perhaps more importantly, the EU has been also providing financial assistance to the Russian Federation. Russia has been a beneficiary of the EU's financial support since early 1990's, and since then it has been granted 2,7 billion euro for 1500 various projects. Until 2006, the financial assistance was provided within the Tacis programme, which basically aimed at helping to smooth Russia's transition to democracy and the market economy. Financial resources available under Tacis were mainly allocated to support institutional, legal and administrative reforms, to support the private sector and economic development, and address the social

³⁷⁴ *Road Map for the Common Space of Research and Education, including Cultural Aspects*.
http://ec.europa.eu/external_relations/russia/russia_docs/road_map_ces.pdf [13.04.2008].

consequences of transition. On 1st January 2007, the Tacis programme was replaced by the European Neighbourhood and Partnership Instrument (ENPI), which puts stronger emphasis on co-financing of projects and focuses financial resources on narrower range of strategic priorities, now embracing only areas mentioned in the *Road Maps* to the four *Common Spaces* and the projects under the Northern Dimension of the EU's policy.³⁷⁵ It is estimated that up to 60 million euro annually will be available to bolster the EU-Russia relationship, yet the total funds devoted to Russia may be significantly higher, depending on the level of Russian involvement in regional, cross-border and other programmes. Apart from the ENPI, the financial cooperation with Russia is also funded from other sources, including the Nuclear Safety Instrument, the Democracy and Human Rights Instrument, and a number of thematic programmes.³⁷⁶ Therefore, the financial aspect of the cooperation may constitute an additional sphere where Russia reaps substantial benefits from its partnership with the European Union. This way the EU, as the provider of assistance, can be said to gain additional advantage over Russia.

The analysis of EU-Russia relations revealed the existence of numerous linkages between the EU and Russia in various spheres of cooperation. The ties binding the two actors into a heterogeneous security complex can be most notably identified in the spheres of economy and security; however these bonds are completed and reinforced by financial, educational, cultural and research-related interests. Thus the existence of numerous interlinkages has been recognized; however, the question is whether they are sufficiently strong and asymmetric to the EU's advantage to balance its dependence on Russian energy supplies.

The conducted analysis suggests that the linkages between the EU and Russia are particularly strong in the field of economic cooperation. The EU is not only Russia's largest market for energy, but also its key business partner, accounting for an overwhelming part of Russia's external trade and most of its foreign investment. On the other hand, Russia constitutes a booming market which could be explored by the EU businesses. Apart from considerable trade and investment bonds connecting the two actors, the EU provides substantial assistance and

³⁷⁵ Official portal to the European Union.
http://www.delrus.ec.europa.eu/en/p_259.htm [12.04.2008].

³⁷⁶ European Commission, Directorate-General for External Relations. "The European Union and Russia..", op. cit., p.21-22.

expertise for Russia's economic reforms and thus constitutes an important contributor to Russia's internal transformation.³⁷⁷ The analysis of trade flows as well as investments suggests that in the field of economic cooperation, the EU enjoys the considerable advantage over Russia; hence the relation between the two actors is characterized by asymmetrical interdependence to the favour of the European Union. Indeed, it is argued that it is through trade that the EU may expect to have most say in Russian affairs.³⁷⁸ Russia's relations with the EU are crucial for the country's internal development, which is strongly affected by trade exchange and technical cooperation with the Union.³⁷⁹ It has been actually argued that the former President of the Russian Federation Vladimir Putin has viewed relations with the EU as a means to strengthen Russia's domestic economy, which he perceived as a prerequisite for regaining a status of the great power.³⁸⁰

The two actors also turned out to share numerous security concerns. Their common interests involve inter alia combating terrorism and international crime, crisis prevention and management, and non-proliferation. Moreover, the EU and Russia can jointly address various issues of international affairs, and they may coordinate their stances within the framework of such international organisations as United Nations, OSCE and the Council of Europe.³⁸¹ However, the security sphere of cooperation seems to produce relatively weaker interdependencies in the EU-Russia Supercomplex. This is evoked by several factors. First, though there is a wide consensus on a significant number of common interests and challenges, some obstacles appear on the level of the practical enforcement of cooperation, for instance on the definition of terrorism and the question of Chechnya. Second, the two actors hold divergent views on the role and geographic range of the ESDP, as well as on rules of Russia's involvement in the EU actions, in particular with regard to participation in the process of decision making. Thus the sphere of security, especially in its external dimension, constitutes an area where stances of the two sides sometimes clash, and consensus may be more difficult to achieve. As a result, the currently existing linkages are weaker than in the case of economic bonds, and the dependency does not unambiguously lean to the advantage of one party. Perhaps the security

³⁷⁷ Lynch. "Russia's Strategic..", op. cit., p.113.

³⁷⁸ Iris Kempe, Hanna Smith. "A Decade of Partnership and Cooperation in Russia-EU relations. Perceptions, Perspectives and Progress - Possibilities for the Next Decade." Center for Applied Policy Research, Helsinki, April 2006, p.3.

http://www.cap.lmu.de/download/2006/2006_Kempe_Smith.pdf [15.02.2008].

³⁷⁹ Barysch. "The EU and Russia. Strategic partners or squabbling neighbours?", op. cit., p.4.

³⁸⁰ Ibid., p.11.

³⁸¹ Kaveshnikov. Op. cit., p.4-5.

links are weaker since “neither party sees the other as either the solution to its security needs or the main threat”.³⁸² The lesser importance attached to the security cooperation can be confirmed by Putin’s official speeches where he has underlined that through the cooperation with the European Union Russia expects to strengthen mutual economic ties, to extend academic and cultural links and to facilitate human contacts, thereby omitting the foreign and security policy sphere.³⁸³ The supremacy of economic over security cooperation in the EU-Russia relations can also stem from the fact that “[t]hroughout the history of European integration, progress on foreign policy has consistently lagged behind that made in the sphere of economic policy”.³⁸⁴ In consequence, the coordination at the EU-level on foreign policy matters is considerably lower than on economic issues.³⁸⁵ The limited competence and power of the EU in the areas of foreign and security policy may make Russia attach more attention to bilateral relations with particular member states in this field than to cooperation with the EU as a whole.

The question is, whether the identified overall interdependencies between the EU and Russia can constitute a way to counterbalance the asymmetry of the EU’s dependence on Russia in energy supplies. Given the significant advantage of the EU over Russia in the field of trade and economic cooperation – perhaps yes. But at this point another, more important question arises, namely if the overall interests and ties existing in the EU-Russia relation can balance threats deriving from high reliance on Russian resources within the whole area of the EU equally. Perhaps, similarly to energy dependence, reaching to the level of particular member states would reveal existence of subcomplexes within the EU-Russia relations.

As for trade exchange, where the linkages with the EU as a whole remain the strongest, the biggest Russian trade partner among the EU members is Germany. Germany’s exports to Russia constitute about 30% of all EU exports to that country, and its imports from Russia amount to about 20% of EU’s total imports from that state. The trade relations are also significantly intensive between Russia and Italy, Finland, Netherlands and France.³⁸⁶ As for security issues, one example could be a permanent place of two EU-members, namely the UK

³⁸² Lynch. “Russia’s Strategic..”, op. cit., p.112.

³⁸³ *The EU-Russia review*. op. cit., p.26.

³⁸⁴ Zeyno Baran. “The Common Foreign and Security Policy and the security of the energy supplies.” A study commissioned by the European Parliament, Directorate-General for External Policies of the Union, Brussels, March 2007, p.4.

<http://www.pedz.uni-mannheim.de/daten/edz-ma/ep/07/expol-2006-44-en.pdf> [10.04.2008].

³⁸⁵ Ibid., p.4.

³⁸⁶ Eurostat news release. *EU-Russia Summit. Russia third trade partner of the EU27*. 25 October 2007.

http://epp.eurostat.ec.europa.eu/pls/portal/docs/PAGE/PGP_PRD_CAT_PREREL/PGE_CAT_PREREL_YEAR_2007/PGE_CAT_PREREL_YEAR_2007_MONTH_10/6-25102007-EN-BP.PDF [15.04.2008].

and France, in the UN Security Council, which makes these states important for Russia in cooperation in security affairs. These selected facts may already suggest that some EU member states, in particular economically and politically potent ones, notably Germany, Italy, France or the UK, may have prerequisites to ignore dependence on Russian resources. Their power as well as economic and political influence allow them to assume that dependence on energy supplies originating from Russia can be easily balanced by other spheres of cooperation on a bilateral basis. However, within the EU there are also weaker states, both in economic and political terms, whose size and potential are significantly poorer than those of Russia. These states will continue to view energy dependence on Russia as a source of potential threats, since they do not enjoy attributes significant enough to balance this dependence on the bilateral basis. Therefore, the answer to the question whether asymmetric character of the EU-Russia energy relationship may be balanced through other spheres of cooperation perhaps would be positive in case of large European powers and traditional Russia's partners, yet it might be negative in case of weaker EU members.

Conclusions

At the end of the process of the development of this thesis, conclusions reached throughout the analysis need to be summarized and certain aspects need to be highlighted. This paper focused on relations between the European Union and its largest neighbour and strategic partner Russia, placing particular emphasis on the energy question. The conducted study was aiming at finding possible answers to the following question: *Why has the European Union developed its overall energy policy towards Russia on the framework of extended cooperation despite the economic - political risks stemming from rising dependency on Russian energy supplies?*

The research question posed in this manner already contains the assumption that growing reliance on Russia is indeed bound to evoke certain threats to the EU. Therefore, before going to the core of the analysis, the nature of these risks and their sources have been discussed. Specifically, we have applied Barry Buzan's security conceptualization and argued that security of the European Union is affected by developments occurring at different levels. Thus we pointed that the focal threats to the EU stemming from its rising dependence on Russia are further reinforced by the occurrences at the global level and internal conditions affecting the EU's energy security. In particular, it has been argued that risks deriving directly from the EU's dependence on Russia embrace the possibility to use energy as a tool of certain political leverage on the EU states, especially in the face of close linkages between Russian energy sector with Kremlin. Further risks were argued to stem from the character of the Russian market, notably strong grip of Russian monopolies Gazprom and Transneft on the energy transportation structure and hampering the access of foreign companies and energy providers to Russian pipelines. The array of these threats was also supplemented by the character of Russian policy. Russian conduct was argued to aim at maintenance of strong influence and control of energy delivered to Europe, inter alia by acquisitions of assets in the European energy distribution companies and undermining infrastructural projects which would allow the EU to intensify energy flows from alternative providers. Finally, it has been argued that these threats are reinforced by dynamics at the global level, such as increasing disparity between fast-growing demand on energy and finite resources being at the disposal of few regions, and conditions specific to the EU level, such as large oil and gas demand, poor indigenous resource base and weak EU competencies in the sphere of energy.

These deliberations opened the way to the actual analysis of the problem posed in the main study question. In particular, two hypothetical explanations to the stated research question were considered: first, that the EU's policy towards Russia derives from lack of capacity and will to build alternative energy alliances, and second, that the EU's stance stems from its belief that the interdependencies created within the overall relations with Russia will counterbalance its dependence on Russian energy supplies. Actually, the first hypothesis entailed looking at the EU-Russia relations through the prism of the homogeneous, energy security supercomplex, while the second one entailed the perspective of a heterogeneous security supercomplex, embracing various linkages and security dimensions.

Establishing which explanation of the EU's stance could be potentially valid required a thorough investigation of a number of areas. First, it required an in-depth analysis of the European Union's energy situation, determined by various factors such as its internal deposits, dependence on oil and gas imports, and the development of the external EEP. Second, it demanded a research on the EU's relations with various oil and gas suppliers, constituting potential alternatives to Russia. The analysis further entailed the need to recognize differences between particular EU countries in terms of their energy situations, energy strategies and attitudes towards Russia. Finally, seeking the valid explanation of the EU's conduct required the study of the overall framework of the EU-Russia relations and consideration of general interdependence links created in various cooperation spheres. The analysis of the above given areas allowed us to come up with certain conclusions referring to the main research question.

An in-depth study of the EU's capacity to build alternative energy alliances resulted in several options for the EU to establish closer energy relations, indicating the Middle East, Caspian region and North Africa as potential reliable energy providers. These alternative energy alliances could be regarded as feasible due to several factors. Firstly, the considered regions stay at disposal of abundant energy resources; secondly, they are linked to Europe with extensive pipeline systems; and thirdly, they have already established energy links with the European Union, what might facilitate intensification of energy cooperation within short-term perspective. From the general point of view, these energy alignments would in fact open the access to new energy fields, yet further deliberations revealed that strengthening partnerships with these regions could evoke overall negative security implications. Specifically, it has been concluded that intensifying cooperation with these regions could lead to the occurrence of different threats related in particular to political instability, most prominently in the case of the Middle Eastern

energy suppliers. Thus the possibility that these alternatives might actually weaken the overall security of the European Union could diminish the EU's willingness to divert from Russia.

Further deliberations have been devoted to the question whether the EU members could achieve a consensus on more intensive cooperation with alternative energy producers. This issue has evoked considerations of divergences among the EU states with reference to their energy mixes, the level of reliance on Russian oil and gas and their various strategies to achieve energy security. This study has also comprised the subjective dimension of security by referring to different perceptions of dependence on Russia and different attitudes towards this supplier among particular EU members. On the basis of these considerations it has been established that the EU states differ significantly in terms of their energy situations and energy strategies. In particular, this study led to the conclusion that some EU states, such as the UK, Denmark and Netherlands, enjoy relatively higher energy security than other EU members due to the possessed oil or gas resources. Moreover, the conducted analysis has revealed great discrepancies within the EU regarding reliance on Russian energy supplies and pointed that actually the level of this dependence generally increases when moving from the Western to the Eastern part of Europe. Such countries as Portugal or Spain are only importing very small parts of their energy supplies from Russia, while others, such as Bulgaria, Slovakia or Baltic states are satisfying their domestic demand almost in 100% by imports from Russia. The uneven spread of reliance on Russia among Western Europe and Central European states is additionally strengthened with various perceptions and attitudes towards Moscow. Indeed, in general terms Eastern countries which are to the highest extent dependent on Russian resources tend to perceive this state in negative terms. They believe that their dependence on Russia can be used against them as a political leverage. These perceptions may stem from the experience of formerly being overlaid by the Soviet Union, constituting either its former republics (Lithuania, Latvia, Estonia), or its satellite states, such as Poland or Bulgaria. Yet throughout the analysis it has also been noted that high reliance on Russian energy does not necessarily entail perception of this dependence in negative terms, as it is clearly visible on the example of Russian-German relations.

The recognized differences among EU states regarding both the level of reliance on Russia and different perceptions of this dependence has led us to the conclusion that the earlier discussed threats do not apply to the whole European Union equally. Since threats stemming from high reliance on Russia affect with different strength various members, it can be assumed

that these states may display different views on the necessity to build alternative energy alliances.

This conclusion can be supported by outcomes of analysis of other aspects regarding differences displayed by particular EU countries. Specifically, it has been concluded that the potential will of the EU as a whole to strengthen cooperation with Caspian, the Middle Eastern or Northern African suppliers may encounter the resistance of southern European states such as Italy, France, Spain or Portugal. These states are currently more dependent on North Africa and the Middle East than on Russia. Differences among the EU countries in this respect entail that shifting energy reliance of the EU to other geographical regions would only ensure higher energy security for some states, and still would not solve the problem of external dependency as a whole.

It has also been established that some states such as France aim at achieving greater security by diversification of their energy mixes, thereby deliberately diminishing their reliance on oil and gas imports. This suggests that in view of some states, greater energy security is to be achieved by means other than diversification of external suppliers. Other differences among the EU members, for instance their attitudes towards external EEP, may reveal that some states do not see the necessity of taking joint actions and strategies towards Russia at the EU level, and believe that their interests can be better safeguarded on the bilateral basis.

The significant divergences among the EU member states may indicate the existence of subcomplexes within the EU security complex. These subcomplexes are characterized by different security interactions with Russia in terms of the strength of their dependence of Russian supplies and perceptions of this reliance. All the above mentioned facts suggest that consensus on the diverting away from Russia could be very difficult to achieve.

An alternative explanation of the EU's stance was sought within the overall framework of the EU-Russia relations based on the Partnership and Cooperation Agreement as well as subsequent *Common Spaces*. In particular, it has been considered whether other areas of cooperation may deliver advantages to the EU which could balance its dependence on Russian resources. This analysis focused on economic and political-security aspects, though other spheres of cooperation, notably financial, educational, cultural and scientific ones, have been also considered.

It has been concluded that the two actors are bound with multiple ties, yet the existing interlinkages are especially strong in the sphere of their economic cooperation. What is more, the

mutual economic dependencies in the EU-Russia relations cooperation tend to be strengthened, given the strong and gradual increase of trade flows and a future perspective of the Free Trade Area. These dependencies turned out to be asymmetric to the EU advantage. Indeed, analysis of trade and investment flows revealed that for Russia the EU constitutes a crucial partner, playing the most important role for its economy among external actors. For Russia the high significance of the cooperation with the EU derives from large revenues it obtains from energy sales to the EU states, high investments made by the EU companies in its territory, as well as the EU's importance as the largest market for Russian goods. These high economic incentives have been reinforced by the financial help granted to Russia under the EU's Tacis and ENPI programmes. Indeed, it has been concluded that financial assistance together with economic ties can in particular work to the advantage of the EU and give it a leverage over Russia, which could balance its dependence on Russian energy.

As for the overall EU-Russia security relations, there seems to be a strong basis for cooperation, formed both by institutional arrangements providing a platform for regular consultations and by common interests. However, the factual cooperation on various internal and external security matters turned out to be somehow hampered, which could be related to different views displayed by the EU and Russia on such practical issues as the question of terrorism or the modalities of Russia's involvement in ESDP operations. Ultimately, it has been concluded that this sphere is not likely to balance the EU's dependence on Russian resources since power in the security area is not tilted to any side. Still, it has been acknowledged that security linkages in the EU-Russia supercomplex reinforce overall interests of Russia in the partnership with the EU.

Given overall cooperation of the EU and Russia viewed as a matter of strategy, one could conclude that perhaps neither Russia, nor the EU intend to turn to energy alternatives due to the overall economic, political-security and strategic considerations. Perhaps in case of Russia, the EU has been actually applying the policy of not really avoiding the large reliance on its resources, but the conscious strategy of creating other numerous interdependencies especially in the sphere of trade and economy where the EU has a particular power and influence, with the aim to achieve greater security. This would be in accordance with the liberal view on how to strengthen one's security.

Yet these deliberations has led to the further question of whether all EU members may afford to neglect the threat of rising dependence on Russian oil and gas on the basis of strong ties

in other spheres of cooperation. Reaching down to the national level, it has been concluded that some EU members enjoy strong bilateral ties with Russia in terms of trade or security cooperation. In particular, Russia's intensive trade exchange with Germany, Italy, Finland and Netherlands can give these states a basis to believe that energy dependence on this provider may be overbalanced by other spheres of cooperation where Russia constitutes the dependent side. Similarly, cooperation with the UK and France as permanent members of the UN Security Council makes these states important partners in security matters and gives them reasons not to view dependence on Russian energy supplies in negative terms.

Therefore, the question addressed within the second hypothesis may be answered in the way that overall interlinks formed in the EU-Russia security complex may deliver a solution to the matter of high dependence on Russian resources for the EU as a whole. However, this issue slightly differs when the level of particular EU states is reached and their bilateral relations with Russia are considered. Those EU members that are significant economic and political powers, such as France, Germany, the UK or Italy, have prerequisites not to consider their dependence on Russia as a threat, since their power and potential allows them to assume that the dependence on Russian energy will be balanced within other areas of cooperation. However, states which are weaker in economic and political terms do not possess attributes allowing them to believe that their dependence on Russian energy can be balanced by other spheres of cooperation. The discrepancy between their own and Russia's power and the fact of being highly dependent on the stronger actor evoke their uncertainty and will to free from the high reliance on this country's resources.

Though the actual research scope of this thesis is obviously limited, it can be said that this study has touched upon a broader question of whether security can be strengthened through rising interdependence. In this specific case all deliberations have lead to the final question of whether strengthening ties with Russia will lead to greater or lesser security for the European Union. On the basis of comparison of Russia's relations with strong and weak European powers it has been concluded that high reliance on the other party will not entail uncertainty when dependence ties are mutual and symmetric. On the contrary, unequal dependence will be generally perceived as threatening by the dependent party. Therefore, this study points out that the impact of growing interdependence on security questions actually depends on the fact if these ties are symmetric.

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List of abbreviations

BN CFD	billion cubic feet per day
BTC	The Baku-Tbilisi-Ceyhan oil pipeline
CES	Common Economic Space
CFSP	Common Foreign and Security Policy
CPC	Caspian oil Pipeline Consortium
ECT	Energy Charter Treaty
EEP	European Energy Policy
ENP	European Neighborhood Policy
ENPI	European Neighbourhood and Partnership Instrument
ESDP	European Security and Defence Policy
EU	European Union
FDI	Foreign direct investment
FTA	Free Trade Area
IGI	Interconnector-Greece-Italy
Inogate	Interstate Oil and Gas Transport to Europe Programme
MFN	Most favoured nation
NATO	North Atlantic Treaty Organization
OPEC	Organization of the Petroleum Exporting Countries
OSCE	Organization for Security and Co-operation in Europe
PCA	Partnership and Cooperation Agreement
PSA	Production sharing agreements
SCP	The South Caucasus gas Pipeline
TGI	Interconnector-Turkey-Greece
UN	United Nations

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