

Europe United Against Russia: Energy Games

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Introduction

After the mid-1980s, the economic benefits provided through central planning by the Soviet Union caused negative outcomes, production capacity and quality fell below the world standards, the socialist economic structure was deadlocked, and as a result, the new president of the Soviet Union at that time, Gorbachev was forced to take new economic measures in 1985. The glasnost (openness) and perestroika (restructuring) movements initiated by Gorbachev in domestic politics since the second half of the 1980s also created a number of changes in foreign policy. As the dependence of countries to each other increases in the international arena the Soviet Union, then named Union of Soviet Socialist Republics (USSR), could not ignore this and began to attach importance on the relations with the West (European Union), considering the realities of the international system. In this study, the sensitivities in the relations of Russia with the European Union (EU) will be addressed within the framework of energy-based policies, and the point achieved in the relationships today will be emphasized.

Energy: a Need for the EU, and a Power for Russia

The relations between Russia, which has rich natural gas, oil and coal resources, and the EU, which is dependent on these resources in the social and economic aspects, gained a great momentum especially with the disintegration of the USSR. In fact, the **Medium-Term Strategy** document issued in 2000 highlighted that Russia would take the responsibility for meeting the long-term and reliable energy and raw material needs of the EU, and aimed to develop the partnership in the energy sector. Since the EU does not have the energy resources, the Union is dependent for the foreign sources in this regard. Russia has the world's largest natural gas reserves and has the second largest coal reserves, in addition to this, Russia is an indispensable partner for EU now due to the oil it has.² 6.5% of the EU's energy consumption is met by renewable energy, and 14.7% by nuclear power, 15.1% by coal, 26.1% by natural gas and 37.4% by oil resources. In other words, 65% of the Union's energy consumption comes from oil and natural gas³ and this will increase over the years as shown in the following table.

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² Mark Smith, "Russia's Energy Diplomacy", 19.05.2004 <http://www.da.mod.uk/CSRC/documents/Russian/F75>, Access Date, 04.01.2013.

³ Murat Ercan, Importance of Turkey in the Energy Policy of Europe (Avrupa Birliđi'nin Enerji Politikasında Türkiye'nin Önemi), *AKADEMİK BAKIŞ* Journal, Issue: 25 July - August 2011, p.5.

Petroleum and Natural Gas Import Rates for EU-27

	2005	2020	2030
Oil	82%	90%	93%
Natural gas	57%	70%	84%

Source: European Commission, Green Paper on "An Energy, Policy for Europe", {COM (2007) 1 final}, Brussels, 10.1.2007.

Energy import dependence of the 12 new member countries that were included with the recent expansion is at the highest level, and this increases the EU's dependence on Russia in the energy field. For example, before the 2004 expansion, 20% of the natural gas imports and 17% of the oil demands of the EU were met by Russia. Yet after the expansion, the EU started to meet its demands of 40% of natural gas, 34% of oil and 25% of coal from Russia. And in total, the European Union that supplies 81% of petroleum, 54% of natural gas consumption and 38% of solid fuels from the foreign sources, is in the first position in imports in the global energy market.⁴ By saying this it should also be emphasized that it's a false impression to assume that only the EU needs Russia, indeed the European market is a huge income for Russia, and EU's investments on oil, natural gas and electricity areas in Russia are very high.⁵

Things Have Changed

It is known that Russia has used its historical and political ties to sign agreements with Kazakhstan, Turkmenistan, Uzbekistan, Iran and Azerbaijan and increased the prices for the gas supplied from these countries so as to leave the EU desperate to purchase gas/oil from herself. As I argue that as long as the EU member countries speak with one voice it will not be an issue to find and create alternatives energy routes, however, the member states tend to defend their national interests the EU may have hard times regarding the diversification of energy routes. Especially after the invasion of Crimea sanctions war has started between the EU and Russia as the EU and the USA have imposed restrictive measures against the Russian Federation in response to the illegal annexation of Crimea and deliberate destabilisation of a neighbouring sovereign country. Just before that, during the NATO Wales Summit the press release from NATO on 4th of September put forward that "we, the Heads of State and Government of the NATO-Ukraine Commission, stand united in our support of Ukraine's sovereignty and territorial integrity within its internationally recognized borders". NATO is concerned regarding Russian stances undermine the security of Ukraine and have serious implications for the stability and security of the entire Euro-Atlantic area.

⁴ European Commission, "Annex to the Green Paper: A European Strategy for Sustainable, Competitive and Secure Energy - What is at stake - Background document", {COM(2006) 105 final}, Brussels, SEC(2006) 317/2.

⁵ Charles Grant and Katinka Barysch, "The EU-Russia Energy Dialogue", 19.05.2004, http://www.cer.org.uk/pdf/briefing_eu_russia.pdf, Access Date, 04.01.2013.

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That is why I would like to conclude this study by referring the declaration of the new European Energy Security Strategy⁶ in May 2014 for the EU that sets out a list of short-, medium- and long-term actions to reduce dependence on Russian gas. The Strategy begins with key facts about the EU's gas dependence on Russia. According to the paper, Europe imports 53% of its energy and this has increased for the last decade. The EU is produced domestically only a third of the gas it consumes. Although the EU has a better security of gas supply today than it did in 2006 or 2009, six countries remain 100% dependent on Russian gas. The paper also elucidates that 18 other members import some Russian gas to some extent. Only Ireland, the UK, Portugal and Spain import no gas from Russia at all. In total, Russia supplies 39% of Europe's imported gas. Then the strategy paper purposes some strong messages like, the Ukraine crisis has brought energy efficiency back up the political agenda, emergency plans and back-up mechanisms will be developed for increasing gas stocks and reducing energy demand, the Commission says infrastructure investments by dominant suppliers must adhere to all internal market and competition rules and this is clear message to Gazprom. In a nutshell, the strategy paper is providing ways with how Europe can become less dependent on Russia and questioning whether this is feasible for Europe. I assume that seeing if it is feasible or not is dependant on the Commission calls for Europe to speak with one voice.

In conclusion, my general approach to the European energy diversity is the following: It is extremely important that the energy dialogue continues and all parties are able to have their voices heard. Consumers and producers have to adhere to the "fair rules of game" as the interests of all players of energy game have to be considered properly and equally. One of the most significant key elements in the energy game is the diversification of supply sources and the routes of transportation. Producer countries have to stop putting political pressure to the consumers of energy resources.

⁶ European Commission, European Energy Security Strategy, Brussels, 28.5.2014, COM(2014) 330 final http://ec.europa.eu/energy/doc/20140528_energy_security_communication.pdf, Accessed Date, 12.09.2014