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THE EU, RUSSIA, AND ENERGY SECURITY

Jonathan Jones

ABSTRACT

Recent disputes between Russia, Belarus, and Ukraine regarding natural gas prices and transportation have caused several European states to question the reliability and security of their imported natural gas supplies, and the wisdom of their overwhelming reliance on Russia. The question arises, however, as to what viable options are available to European countries. Some have proffered the idea of replacing Russian natural gas supplies with increased imports of Norwegian or Algerian gas. Other possible options include a more comprehensive and cooperative European stance toward Russia and the development of alternate or renewable energy sources. Although the EU member states depend highly upon Russian energy resources, Russia is also highly dependent, economically, upon the EU. The EU market is extremely important to Russia; both for energy resources and other commodities. Russia simply cannot afford to overtly damage that relationship. Consequently, a united and cohesive effort in energy diplomacy by the EU would likely be strong enough to pressure Russia on certain issues and prevent future supply problems. Other possible solutions, such as diversifying natural gas suppliers and increasing alternate energy sources, simply involve too many logistical concerns to be effective solutions. Cohesive and united energy diplomacy, however, would necessitate increased policy coordination which also presents several problems. Despite these problems, however, it remains the best option.

INTRODUCTION

The notion of energy security has played an increasingly important role in the realm of international affairs. The severe oil shocks that followed the 1973 Arab-Israeli conflict prompted many nations to more seriously consider the security of their energy supply. Following the conflict, the importance of energy security became a major priority for the developed world and related policies were permanently affixed near the top of the agendas

of the world's major leaders. The inequitable spread of energy resources throughout the world has enriched some states, while leaving others at a crucial disadvantage in economic and diplomatic relations. The wealth of oil and natural gas in the Middle East has produced a host of "rentier states," nations almost completely reliant on energy wealth for sustenance. Their wealth, subsequently, allows them to employ despotic political practices and unions between wealthy oil-states afford them the capacity to significantly affect the global market price and supply. Conversely, countries devoid of significant energy wealth must often endure the price fluctuations that stem from foreign supply restrictions and expansions.

In recent years the European Union has found itself increasingly dependent on foreign entities, primarily Russia, for its energy supplies. Russia is the largest producer of natural gas and the second largest producer of oil, directing a considerable quantity of its exported energy supplies into the EU market (Gelb 2007, 2). Recent disputes, however, between Russia, Belarus, and Ukraine regarding natural gas prices and transportation have caused several European states to question the reliability and security of their imported natural gas supplies. In 2004, a Gas Coordination Group was organized by the European Union (EP 2004, 95). The main objective of the gas coordination group was to improve network coordination among member states in the event of a supply disruption. Though the group has performed adequately in some instances, it has not demonstrated that it can be an effective tool for ensuring a secure and stable energy supply. Several members of the EU have also questioned the wisdom of their heavy reliance on Russia for natural gas. In light of the perception of Russia's increasingly "aggressive" foreign policy and use of energy diplomacy, many have suggested that Europe should pursue an alternate course.

The political impact and economic leverage wielded by Russia on account of Europe's increasing dependency may harbor potentially dangerous implications for the future. Conversely, dependence on smaller, more cooperative, and less powerful states, such as Norway or Algeria, likely does not entail the same precarious implications. The stabilizing Russian economy coupled with the benefits of the continuously lucrative energy market have lessened, though by no means eliminated, Russia's need for international financial aid. As a result, Russia is able to shield itself from international criticisms or disregard them entirely (Trenin 2006, 94). Furthermore, the increasing dependence of several international regions on Russian energy has prompted some nations to mute their criticisms of Russia's questionable human rights record (Economides 2006, 1). The results, subsequently, are watered-down censures that Russia is likely to simply discount or ignore. The remaining critics of the Kremlin's policy, however, have characterized the administration's energy tactics as "tools of intimidation and blackmail," meant to reassert Russian influence in the former-Soviet sphere (Wagstyl 2006, 1). As Russia seeks to assert itself as an energy superpower and promote "Russian national interests," the prevalence of these tactics and the degree of intensity are likely to increase. Furthermore, as energy demands in Europe gradually climb, along with their subsequent reliance on Russian energy, Russia's corresponding economic leverage and diplomatic strength will also increase. These recent events and the subsequent accusations, although admittedly minor, are indicative of the potential leverage of Russian energy supplies in the future. While Russian energy diplomacy may, currently, consist only of minimizing criticism, future actions may include more overt pressure and ambitious diplomatic efforts in the broader European sphere. As a result, the increasing dependence of the European Union on Russian energy supplies portends an ominous European future.

The question arises, consequently, as to what viable options are available to the European Union. The most common responses have been the propositions asserting that the EU diversify its energy suppliers and promote alternate energy sources. These propositions, however, are simply not viable solutions. There are too many obstacles impeding the potential benefits or success of these propositions. Replacing Russian gas imports entails too many overwhelming logistical and legal concerns. Similarly, considerable hurdles, both logistical and collaborative, impede the development and implementation of alternate and renewable energy resources. The most promising and viable solution, consequently, is a unified and cohesive diplomatic effort. An assertive European diplomacy effort has the potential to enhance European energy security and stability and emerges as the most feasible option.

The wealth of literature on the subject focuses largely on the first two propositions. In 2006, the Commission of the European Union published a green paper entitled, "A European Strategy for Sustainable, Competitive and Secure Energy." Among other issues the paper dealt with the stability and security of energy supply. The proposal called for a diversification of Europe's energy mix in order to lessen dependence on external suppliers, but allowed each nation to determine their own energy mix (EU Commission 2006, 9). The proposal also discussed the formation of a coherent, external energy policy (EU Commission 2006, 14). Unfortunately, instead of reinforcing the call for a stronger or more united diplomatic line with concrete measures, the proposal offered minor suggestions that would do little more than maintain the status quo. The proposal called for the establishment of a new institutional group, the "Strategic EU Energy Review (EU Commission 2006, 14)." Though maintaining potential as a future EU forum, the Strategic EU Energy Review would primarily concern itself with infrastructural issues and the evaluation of individual member states (EU Commission 2006, 15). Furthermore, in regards to external diplomacy, the proposal advocates "partnerships" and "dialogue" with energy suppliers (EU Commission 2006, 15). Additional literature on the subject presents similar proposals, advocating continued dialogue with Russia and tempered Russian-EU relations (Bahgat 2006, 976). Since the collapse of the Soviet Union in 1991, however, Russia has been incorporated into countless dialogues, partnerships, and councils with the EU and individual European states. For example, Russia and the EU have held a regular and institutionalized energy dialogue for the past seven years (Euractiv B 2007). Continued dialogue and new partnerships, consequently, fail to solve the fundamental problem. Russia would likely prefer nothing more than to be an established energy partner and secure continued access to European markets. A continued, tempered dialogue doesn't impede Russia from practicing energy diplomacy, nor does it offer incentives for Russia to cease doing so. Although, purported partnerships and dialogues with Russia have been occurring regularly since the collapse of the Soviet Union, supply disruptions have still occurred and energy diplomacy has increased.

Energy diplomacy is, by no means, an unreasonable or unwarranted Russian strategy. Characterized as the use of energy supplies to coerce competing nations and secure political advantages in the international community, energy diplomacy is practiced by virtually all nations that can maintain energy advantages. Similarly, resource diplomacy is common throughout history and many nations have sought to exert pressure in the international sphere by exploiting resource advantages. In light of Russia's recent history, energy diplomacy is likely a wise and profitable tactic. Securing export markets for their natural gas

and influencing prices provides necessary financial relief and the desired international prestige. This discussion does not seek to criticize Russia for its action. Instead, it seeks to evaluate the potential options available to the European Union and determine which of those options are comparatively more feasible.

FEASIBILITY OF SUPPLY DIVERSIFICATION

In an effort to reduce the European Union's potentially dangerous reliance on Russian gas, several EU bureaucrats and other European voices have suggested that the EU diversify its supply options. This prospect, however, remains unfeasible at best. Russia is currently the world's leading producer and exporter of natural gas, and holds 27% of proven natural gas resources. The EU imports 25% of its gas consumption, but the reliance of individual member states on Russian gas varies greatly (Euractiv B 2007). Germany imports 39% of its gas supplies from Gazprom, the state-owned Russian gas monopoly, while Great Britain, a significant gas-producer, imports virtually no gas supplies at all (Gelb 2007, 2). Newly-accepted EU member countries, previously in the Soviet sphere, are overwhelmingly dependent on Russian gas supplies. Former members of the USSR, such as Estonia and Lithuania, import over 98% of their gas supplies from Russia. France and Italy, while not as dependent as Germany, still import 31% and 24% respectively (Gelb 2007, 2). In effect, Russia has, over the past several decades, gradually and successfully claimed significant portions of the European energy market. The extent of their reach into EU markets, consequently, makes it difficult to simply replace Russian gas supplies.

In addition, logistical concerns complicate the proposal's viability. Russian pipelines already extend across the European landscape, with major transit routes running through Belarus, Poland, Germany, Ukraine, Slovakia, the Czech Republic, and Hungary (Bahgat 2006, 969). New pipelines are being planned and, to a lesser degree, being constructed under the Baltic Sea and in southern Europe. In contrast, Middle Eastern gas is largely destined for the United States and Asian markets, and its transit infrastructure is correspondingly designed. Europe does import natural gas from Libya, Qatar, and Iran, and both Spain and France import a considerable portion of their natural gas from Algeria through the Maghreb-Europe pipeline (EIA 2007). However, in order to replace or largely supplant Russian gas, these transit systems would necessitate substantial upgrades and expansion. The necessary infrastructural adjustments would require significant financial investment and decades of negotiation, development, and construction. All the while, Russian pipelines stand ready and waiting with notable additions and expansions already underway.

Norway has also been suggested as an alternative to Russia. Norwegian natural gas accommodates approximately 15% of European gas consumption, and some have suggested that Norway has the potential to double its contribution (Ibson 2007, 11). Norwegian gas deposits, however, are declining (Bahgat 2006, 963). Also, similar to Russian gas imports, Norwegian gas is not equally distributed among European nations. Thus, while doubling its production may provide brief respite for some Western European nations, it would not be able to notably supplant Russian gas in the remaining European countries. Lastly, while Norwegian gas deposits are declining, European gas imports are steadily rising, making Norway unlikely to replace, even partially, Russian gas imports, unless that import dependence is curbed. Hence, an appeal to Norwegian gas is simply not a feasible solution.

Finally, individual European states have, and are continuing to extend, contractual obligations to Russia. In December of 2006, the major French national gas company, Gaz

de France, renewed its contract with Gazprom and extended their supply agreement through 2030 (Dempsey 2006, 1). Italian gas giant, Eni, recently completed a similar arrangement, extending their supply contract with Gazprom until 2035. Germany and Russia recently reached an agreement on the Nord Stream pipeline in 2005, contractually uniting the two countries until 2010 (Simonian 2006, 5). RWE Trngas, the Czech Republic's major gas distributor, also inked a long term deal with Russia late in 2006, renewing their supply contract and extending it to 2035. Diversifying away Russian gas now becomes a difficult proposition, faced with varying legal obstructions. Essentially, individual European states are simply not endeavoring to reduce their reliance on Gazprom, and domestic energy firms have contractually obligated themselves to continued reliance on Russian gas imports. While this has the potential of lessening the probability of future supply disruptions, it also forces European states to negotiate individually with Russia. Individual negotiation with Russia, subsequently, allows Russia to exert considerably more pressure on individual states than would be possible in a collective European effort. Furthermore, Javier Solana, the EU head of Foreign Affairs has encouraged EU member-states to seek long term supply contracts with Russia. Emphasizing the importance of a stable energy supply, Solana directed individual member states to make long-term agreements with Gazprom (Krawchenko 2006). Solana's entreaty for contractual action breaks the recent EU trends calling for diversification of energy supplies, possibly indicating that such trends may be ineffective or unfeasible. Thus, while many recognize the potential dangers of dependence on Russia, efforts to ameliorate these dangers by diversifying supply options and partially supplanting Russian gas imports are simply not viable or realistic.

OBSTACLES TO RENEWABLE ENERGY DEVELOPMENT

Another oft-proposed solution to the European Union's energy dilemma is the employment of alternate energy sources. Specifically, the use of renewable energy sources as a means of mitigating dependence on imported fossil fuels. The Commission of the European Union has recently promulgated an ambitious strategy regarding energy conservation and diversification. In January of 2007, the Commission proposed instituting a target of 20% for renewable energy sources in EU energy consumption by 2020. This "energy-climate change package" also stipulates EU-wide and compulsory compliance (EU Commission 2007, 10–11). The proposition was widely acclaimed by conservationists and energy scientists. Furthermore, research indicates that increasing the use of renewable energy sources, such as wind, solar, and biomass, is a realistic option (IEA 2007, 15–18). Despite these positive advances, however, alternate energy sources and, specifically, renewable energy sources remain a difficult and unfeasible option. Several obstacles impede the institution and achievement of this ambitious initiative. First, the determination of acceptable energy sources is disputed. Secondly, the logistics of the proposal present considerable difficulties. Lastly, the issue of mandatory compliance is already dissuading current members of the European Union.

The competing states of the European Union currently disagree on which renewable energy sources are acceptable. The principal item of discontent is nuclear power. Several EU nations, such as France and Slovakia, derive a significant portion of the domestic energy supply from nuclear power (WNA 2007). France has since proposed amending the current Commission proposal to allow the use of nuclear power as an alternative and renewable energy source. French ministers contend that EU support of such a policy will increase the

use of nuclear technology and allow the EU to reach a higher threshold of renewable energy in their energy consumption (Euractiv A 2007). Currently, the European Union derives approximately 32% of its energy supply from nuclear power. Nuclear power, however, is an unacceptable option to several countries, such as Austria. In Austria, public opinion has decidedly opposed nuclear power and the construction of nuclear power plants since 1978. As a result, the inclusion of nuclear power as an option for renewable energy sources would appease France, but upset Austrian domestic politics. Conversely, while Austria would overwhelmingly support the exclusion of nuclear power in the EU proposal, it would simultaneously frustrate French efforts. The nuclear obstacle and the inability, thus far, for European countries to agree, presents a clear difficulty in the development of alternate and renewable resources.

The logistics of the proposal also presents several financial and infrastructural difficulties for the EU countries. Current EU levels of renewable energy are approximately 6% of EU energy consumption (IEA 2007, 11). The Commission's proposal to more than triple the current percentage necessitates an ambitious infrastructural upgrade. The technology and apparatus necessary for the large-scale generation of wind and solar power, and the production of biomass energy products, are simply not in place. The financial considerations are considerable, both for the construction and implementation of these programs as well as the necessary research and development. The proposal also requires a degree of policy coordination and implementation on a national level that is neither swift nor simple. In essence, the logistical hurdles are significant.

Furthermore, there are procedural disputes among EU members about the process of achieving the Commission's target. Among current procedural disputes is the idea of bundling (Crooks 2007, 1). Bundling essentially involves the control of distribution networks for gas and electricity. A "bundled" energy plan allocates control to energy suppliers while an "unbundled" plan offers control to independent companies. The French energy minister, François Loos, recently proposed adopting a system of regulated and restricted unbundling, similar to the French model. This was largely rejected by many members of the European Union, especially the United Kingdom, which pressed for full and complete unbundling (Crooks 2007, 1). These infrastructural and procedural issues, consequently, pose a significant problem to the effective development of new European energy options.

Finally, the Commission's energy plan has upset some EU states over its proposal for mandatory targets. The proposal sets two specific targets, both for 2020. The first stipulates that 20% of the European Union's energy supply must be renewable energy, and the second stipulates that 10% of the European Union's transport fuel must be biofuel (EU commission 2007, 10-11). The proposal further posits that the targets should be legally binding with the potential for punitive action. Germany has emerged as strong supporter for mandatory compliance, recently joined by the United Kingdom after a recent reassessment of security policy. However, several other nations, including Poland and France, have pressed for more flexibility in the matter (Euractiv C 2007). These attitudes may indicate either a lack of commitment or an air of pessimism. In either case, this behavior complicates the potential for an increased use of renewable energy in the near future.

Policy initiatives, regarding energy, are not a new phenomenon in Europe. The last fifteen years have witnessed several efforts to induce an increased use of renewable energy. Unfortunately, member states have often failed to reach the targets. In 1997, the objective

was to increase the percentage of renewable energy in Europe to 12% of overall energy consumption by 2010 (EU Commission 1997, 9). Recent evaluations, however, have characterized this goal as unattainable. A 21% share of renewable electricity in electricity production by 2010 was declared as the goal in 2001 (EP 2001, 35). Progress has been more favorable in this effort, but most EU nations are not on track to reach their respective national targets. The European Union's continued inability to meet goals has undermined international confidence and expectations in their fulfillment, especially when compliance is not legally binding.

The dilemma of European dependence on imported energy supplies remains a quandary. The commonly proposed solutions simply do not offer a feasible resolution of the problem. Substituting away from Russian gas proves difficult because of logistical and legal concerns. Similarly, efforts to replace Russian gas with renewable energy sources face significant procedural and logistical impediments. Aside from these concerns, however, both proposals face a timing dilemma. Effective implementation of either policy would potentially require decades before they could provide a viable alternative to Russian energy. The financial and infrastructural concerns are significant impediments. Consequently, neither solution offers an immediate response to the current situation. However, this does not preclude the simultaneous European pursuit of renewable energy sources or efforts at supply diversification along with the implementation of an alternative response. While these are not feasible short term responses, or viable long term solutions in and of themselves, the pursuit and implementation of these policies will likely ameliorate future European energy concerns. The Russian-EU energy relationship, however, is a pressing issue for many European states and requires a response in the immediate future. Furthermore, while the European Union's potential for diversifying its energy mix and promoting alternate energy sources will increase in the future, its domestic energy demand will increase as well. Research estimates that the European Union will import more than 50% of its natural gas from Russia by 2030 (Ives 2007). Energy consumption, and, subsequently, energy demand, is increasing annually, meaning that the EU must address not only its present concerns, but its future concerns as well. As a result, the current dilemma necessarily calls for a different solution.

THE CASE FOR DIPLOMACY

As an organization, the European Union comprises one of the most influential economic and political blocs in the world. The organization now includes twenty-seven member states and encompasses more than four-hundred and fifty million people. Diplomatically, the European Union, when it manages to act cohesively, is a daunting foe, and has the potential to secure important benefits for itself and its constituents. Consequently, because of its considerable influence, the most feasible solution to the Russian natural gas dilemma is diplomacy. The most viable and potentially effective solution available to the European Union is a united and cohesive diplomatic stance toward Russia. A solid and comprehensive policy line from the European Union could influence Russian behavior and induce beneficial and desired outcomes.

The changes in Russian conduct necessitate a change in the European Union's relations toward Russia. Russian foreign policy behavior has recently been criticized as overly "aggressive" and even "imperialistic (Trenin 2006, 90)." Russia's use of energy diplomacy has become increasingly more common as they seek to exploit their

international advantage. An effective response to Russian behavior naturally entails an element of aggressiveness in the European Union's diplomatic efforts. Individual assertiveness, however, is unlikely to be effective against the newly-reenergized Russian state. Instead, a cohesive diplomatic effort by the European Union as a whole offers the most plausible and effective solution. Unlike continued partnerships and dialogues, which constitute the bulk of the European Union's diplomatic repertoire, a cohesive and assertive diplomatic stance would entail negative and credible consequences for Russia, should it fail to acquiesce. The European Union could, among other options, threaten to restrict investment in the Russian energy sector or impede the flow of Russian goods into the European market. In any case, the assertive nature of the diplomatic effort would necessitate the explicit and credible assertion of negative repercussions in the case of noncompliance. Furthermore, such a diplomatic effort would necessarily require cohesion on the part of the European Union. Disunity and the failure of individual states to abide by the central diplomatic position would undermine the European diplomatic effort and afford Russia the opportunity to avoid negative repercussions through bilateral negotiations. Naturally, aggressive or assertive behavior does not necessarily imply violent or bellicose conduct. Rather, a firm and unyielding policy line offers Europe the most potential in EU-Russian diplomacy. Several reasons validate the potential effectiveness of this approach. First, Russian dependence on European markets provides the European Union with important economic leverage. Second, cooperation, especially with organizational support, is considerably more effective than unilateral pressure or bilateral negotiation. Lastly, assertive diplomacy offers a variety of extraneous benefits.

The European Union has the potential for economic leverage because of Russian dependence on European markets. The majority of Russian energy is funneled into the European Union, and 55% of Russian exports went to EU markets in 2004 (Chistokhvalova 2003). Naturally, that percentage is only increasing. Russia's energy transit infrastructure is also designed largely to transport natural gas into Europe. A smaller percentage of their energy resources, naturally, is exported to other international markets. The infrastructure necessary to drastically increase that percentage simply isn't in place, nor is development under way. Consequently, Russia is dependent on a continued European demand. The Russian economy has recently been on the rise, growing steadily since the financial crisis of 1998 (Trenin 2006, 2003). Russian economic success, however, remains relatively fragile because of its overdependence on the energy sector. Economic diversification is slowly materializing, but the process is, and has been, notably gradual. Global energy shocks, price reductions, or the loss of current market shares, consequently, all have the possibility of devastatingly impacting the Russian economy. Therefore, although Russia has behaved more aggressively because of its strengthened economic position, it simply cannot afford any major disruptions to its major export markets. The European Union, subsequently, retains important economic leverage because of the importance of its markets to Russia. This economic influence only persists, however, if the European Union is capable of acting in a unified, cohesive manner. Individual agreements and acquiescence by member states only undermine their ability to effectively induce beneficial outcomes.

The interdependence of the Russian-EU relationship provides the European Union with a variety of potential diplomatic approaches. Gazprom has recently sought direct access to European consumers, and obtained it, to a degree, in France and Italy (Dempsey 2006, 1). For the purpose of diplomatic pressure, the European Union could restrict further access

to European consumers and limit the scope of the current arrangements. The European Union could also threaten to increase natural gas imports from alternative global suppliers. Although this would not be a feasible means of substantively replacing Russian gas, as described above, it would lead to significant short-term financial losses for the Russian energy sector. Recent concerns have been presented relating to the long-term potential of Russian gas supply (Bahgat 2006, 970). Several developments are in progress that will expand Russia's extraction and distribution potential, but investment in Russia's energy sector is woefully inadequate (Bahgat 2006, 971). The European Union could also pressure the Russian energy sector by restricting, impeding, or discouraging investment and future long-term natural gas contracts. In addition, the European Union could encourage Russian acquiescence with carrots instead of sticks. Increased aid packages, minimized human rights criticisms, and wider access to European markets are all positive diplomatic incentives that could potentially generate Russian compliance. In effect, the diplomatic bargaining position of the European Union enjoys a variety of potential beneficial avenues. A cohesive, unified stance, however, is absolutely necessary. If Russia is capable of securing these gains or avoiding punitive behavior through bilateral negotiations, then the strength of the European diplomatic position is lost. European cooperation is a necessary key.

Multilateral cooperation is a more effective means of conducting international diplomacy. This multilateral effort is especially effective if it is concentrated against one state. In his discussion about international cooperation and economic sanctions, Daniel Drezner, compares the effectiveness of unilateral, multilateral, and multilateral organizational economic sanctions (Drezner 2000, 73–102). He clearly asserts the superior efficacy of multilateral organizational support. Essentially, multilateral efforts of economic sanctions, accomplished through organizational support structures, are more effective than either unilateral or multilateral sanctions (Drezner 200, 98). The organizational base provides a forum for cooperation, the means for circumventing domestic pressures, and a medium for ensuring a somewhat equitable distribution of gains (Drezner 2000, 98). While the European Union will not likely impose economic sanctions upon Russia, nor would such a policy be wise, the application is clear. Multilateral efforts, especially when conducted within the confines of an international organization, are prone to produce more favorable results than other competing scenarios. Consequently, the European Union can most effectively pressure Russia and induce compliant behavior through cohesive and united multilateral efforts.

Finally, an assertive policy stance offers the possibility of securing more for the European Union than the security and stability of energy supply. The security and stability of their natural gas and energy supply would, naturally, be the primary focus of diplomatic efforts with Russia. A cohesive and unified policy stance, however, could allow the European Union to pressure Russia into further concessions. Aggressive European diplomacy could induce the Russian Duma to sign and ratify the EU Energy Charter. Russia has resisted ratification of the Energy Charter since its adoption in 1994. Russia has repeatedly declared that it is unwilling to accept the Energy Charter because of its provisions for third-party access to energy pipelines and deposits (Dempsey 2006, 1). During its tenure in the EU presidency, Germany will attempt to persuade Russia to adopt the charter. The German Chancellor, Angela Merkel, appears less than optimistic at the prospect of inducing a change in the Russian disposition. Indeed, pressuring Russia on crucial energy issues is unlikely unless there is widespread support and reinforcement throughout the European Union. The investment opportunities that access to Russian energy pipelines and deposits would afford,

however, would be extensive. European cooperation, consequently, would be essential to the success of any such venture.

Assertive diplomacy may also be capable of inducing democratic or market reforms in Russia. Recent changes in Russian politics have been characterized by a decidedly neo-authoritarian streak (Trenin 2006, 92). As Russia's economic situation improves and its energy diplomacy becomes more prevalent, it is more capable of insulating itself from external pressures (Trenin 2006, 94). International criticisms have, subsequently, largely fallen on deaf ears. Economic pressures, however, may have more influence on the Russian government. Such a proposition is admittedly optimistic and short-term reversal of Russian political trends is extremely unlikely. Nevertheless, few tactics, short of military aggression, are more persuasive than economic diplomacy. In essence, an assertive, cohesive, and unified diplomatic stance towards Russia offers the European Union the possibility of achieving more than just a stable and secure energy supply.

OBSTACLES TO DIPLOMATIC COOPERATION

The propensity for effective collusion, however, is not encouraging. While an assertive and united policy stance would likely offer the most beneficial results to the European Union, implementation of such a policy is unlikely. As a scheme of regional integration and large-scale cooperation, the European Union is, by far, the most prominent and promising example in the world. Nevertheless, an inability to effectively cooperate is not new problem for the European Union. Their history is rife with dilemmas and policy concerns on which the member states could not successfully compromise. The current circumstances surrounding the energy security dilemma appear to offer a similar conclusion. This appears to be the case for several reasons. First, the problems of energy security and stability have varying levels of priority among European national governments. Second, cooperation on diplomatic and foreign policy initiatives has been a notably difficult proposition. Lastly, the uncertainty of the potential for cooperation prompts several states to seek bilateral solutions.

Energy dependence and energy supply sources vary considerably among EU states. Consequently, energy security is a pressing issue for some nations, and a less priority for others. Germany imports nearly 40% of its natural gas from Russia and for several Eastern bloc countries, such as Poland or the Baltic States, the percentage is considerably higher (Gelb 2007, 2). France and Italy obtain significant portions of their domestic gas supply, as mentioned above, from Gazprom and Austria is reliant on the Russian natural gas giant for 69% of its domestic supply (Gelb 2007, 2). As a result, disruptions in Russian natural gas transit and dependence on Russian natural gas resources are a significant concern. Great Britain and Spain, conversely, import virtually no natural gas from Russia at all and the Netherlands purchases only 6% of their natural gas supply from Gazprom (Gelb 2007, 2). For these nations, and others with comparably low percentages, the stability and security of Russian gas supplies is simply a less-relevant issue. The varying degree of priority for energy security, consequently, inhibits effective cooperation. Countries with less invested in the result are simply less prone to make substantial efforts than countries with comparably more at stake. This issue, consequently, weakens the potential for cohesive diplomatic cooperation.

The issue of energy security, despite maintaining significant economic overtones, cannot be separated from the political or foreign policy arena. The pervasive presence of Russia in energy disputes and the role of energy in economic and political stability necessarily make the Russian-EU energy relationship an important foreign policy issue.

Cooperation on foreign policy issues has been attempted in the European Union for decades, with limited results. The Maastricht Treaty of the early 1992 created a new pillar in the EU structure and institutionalized the notion of a common foreign policy stance. European foreign policy, however, has been highlighted by disagreements and disputes for the past two decades. German reunification proved to be a divisive issue, especially among the larger EU powers (Hoffman 2000, 191). European inaction and incoherence marked the initial Yugoslav conflict, with Great Britain and France opposing German behavior (Hoffman 2000, 192). The recent war in Iraq also emphasized a divide in European foreign policy ideals among Great Britain, France, Germany, Spain, and Italy. Naturally, efforts of foreign policy cooperation have not all been so polarized and conflicting (Smith 2004 102). Nevertheless, several important international events were highlighted by inconsistent European policy stances. This history of cooperation, or lack thereof, consequently, is not encouraging for European cooperation on energy security.

The uncertainty of the European Union's CFSP (Common Foreign and Security Policy) and internal cooperation prompt member states to seek bilateral arrangements with Russia. This document has already highlighted recent agreements in France and Italy with Gazprom. German cooperation with Russia has also been significant, and several states continue to seek bilateral agreements with Russia. While the potential benefits of a united diplomatic effort are generally greater than individual arrangements, the uncertainty and unlikelihood of cohesive European cooperation causes individual states to pursue more probable benefits. Similar to the prisoner's dilemma, the rational entity seeks the most certain gains rather than the greatest gains. Consequently, European cooperation on energy security issues remains an unlikely proposition.

CONCLUSION

The European dilemma involving the security of natural gas remains a crucial issue. The available options, however, all suffer from potential impediments. Nevertheless, the most feasible and beneficial option is the formation of a cohesive, assertive, and unified European policy. While cooperative difficulties certainly hinder the potential implementation of such a policy, the European Union is capable of overcoming these difficulties (Smith 2004, 131). Furthermore, the difficulties inherent in a cohesive policy line are considerably less than those presented in other strategies. Replacing Russian natural gas imports is a difficult and unreasonable proposition. The prevalence of Russian gas in the European market, the nature of transit infrastructures, and the production potential of some supplier countries, such as Norway, all prevent a substitution away from Russian natural gas. The development and implementation of alternate and renewable energy sources also succumbs to substantial obstacles. The European Union's history with renewable energy initiative, collaborative concerns, and logistical difficulties all indicate that renewable energy sources are not the solution to the EU-Russian energy relationship. The development of renewable energy sources is certainly a laudable effort and should be vigorously pursued. Nevertheless, it simply cannot present itself as a solution to Russian natural gas and energy diplomacy.

Conversely, the notion of a unified European diplomatic interaction with Russia offers a variety of potential benefits. Russia's corresponding dependence on European markets presents the European Union with the opportunity to induce favorable Russian behavior. A unified and cohesive diplomacy, however, requires more than continued dialogues and new partnerships. As Russia becomes increasingly aggressive in its

international diplomacy and foreign policy, the European Union must respond in kind. An aggressive, assertive response, reinforced by a united European polity, has the potential to secure important benefits. European assertiveness would neutralize Russia's confident energy diplomacy, and create a situation where the European Union could pressure Russia in certain spheres. Naturally, such a policy does not include violence or threats of military aggression. Instead, the strategy rests upon a unified effort and a firm, unyielding policy line. EU-wide cooperation is essential. Individual negotiation with Russia places many European states at a considerable disadvantage and allows Russia to largely impose its policy lines. Consequently, despite the potential hindrances, an assertive, cohesive, and unified diplomatic stance is the most rational, feasible, and beneficial course of action for the European Union.

The issue of energy security will continue to grow and will continue to be a fundamental part of the agenda of the European Union. The energy disputes with Russia will not solve themselves and a resolution must be found. Energy demand and consumption will only continue to grow as the new century progresses and energy diplomacy by Russia and the Middle East will become increasingly more prevalent. As a result, it is essential that Europe finds a method for addressing this concern. The most effective method is an aggressive and unified diplomatic stance toward Russia by the European Union as a collective entity. Despite the potential hindrances and inherent difficulties in diplomatic cooperation, the diplomatic avenue remains both the most feasible and the potentially most beneficial course of action. Consequently, while the European Union should continue its efforts to promote a diverse energy mix and the use and development and renewable energy sources, it should emphasize the need for cohesive and collective diplomacy. Obstacles to cooperation have existed since the inception of the European Community and the European states have demonstrated themselves capable of overcoming those difficulties. In order to effectively address the current energy situation, the European Union must once again overcome the inherent difficulties of cooperation and form an assertive and unified diplomatic policy.

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