Lund University
Department of Political Science

STVM23
Tutor: Rikard Bengtsson

European Energy Security

Exploring the development of EU's external energy policy

Shafagh Elhami

Abstract

In order to explain the driving forces behind the development of a common external energy policy, the thesis investigates the gas interdependence between EU and Russia, and the implications for EU of being highly dependent on supplies from a single provider. The main argument of this thesis is that external stimuli, challenging European energy security, spur intergovernmental cooperation and lead to increased coordination of external energy policies in the EU.

The research is based on qualitative method and a theoretical framework composed of realist and neoliberal theories. The study uses Walt's theory about states cooperating as a strategy of balancing a threat/power. Moreover, by using geopolitics the study draws attention to the strategic role of resource-rich regions causing competition. Finally, Keohane and Nye's arguments about cooperation and interdependence are used in order to demonstrate how an asymmetrical interdependence can be a source of power.

The thesis demonstrates how the EU in developing a clearer strategy with objectives and instruments of ensuring European energy security, gradually has formulated a more coherent and expressive external energy policy.

Key words: EU's external energy policy, asymmetrical interdependence, energy security, Russia, geopolitics
Words: 18456

List of Abbreviations

AOPEC – Arab Organization of the Petroleum Exporting Countries
Bcm – billion cubic metres
BTC – Baku-Tbilisi-Ceyhan oil Pipeline
BTE – Baku-Tbilisi-Erzurum gas Pipeline
Commission – The European Commission
Council – The European Council
ECSC – The European Coal and Steel Community
ENP – European Neighbourhood Policy
EU – The European Union
MoU – Memoranda of Understanding
OPEC – Organization of the Petroleum Exporting Countries
TCP – Trans-Caspian gas Pipeline
UNCLOS – United Nations Convention on the Law of the Sea

Table of contents

1 Introduction 1

1.1 Purpose and research problem 2

1.2 Limitations 2

1.3 Disposition 3

2 Theoretical framework 4

2.1 Philosophy of science 4

2.2 Theoretical application 4

2.3 Realist premises 5

2.3.1 Cooperation as a strategy of balancing threats 6

2.3.2 Geopolitics 7

2.4 Neoliberal premises 8

2.4.1 Interdependence: power and asymmetrical relations 9

2.4.2 Cooperating for energy security 11

3 Methodological framework 12

3.1 Research design 12

3.2 Advantages and implications of case study 13

3.3 Causality 14

3.4 Definition of energy security 14

3.5 Material 15

4 Analysis 17

4.1 A conspectus of European external energy policy 17

4.2 EU's dependency on Russian gas – an asymmetrical interdependence 19

4.2.1 The 2006 Gas Crisis 21

4.2.2 The Green Paper 22

4.2.3 The 2009 Gas Crisis 23

4.2.4 The implications of the gas crises on European energy security 24

4.3 Cooperating to ensure Energy Security 25

4.3.1 The Energy Charter Treaty 25

4.3.2 The ENP as an instrument of external energy policy 27

4.4 Diversification of supplies and routes 29

4.4.1 BTC & BTE 29

4.4.2 The Southern Corridor Strategy 30

4.4.3 Nabucco versus South Stream 31

4.4.4 Trans-Caspian gas Pipeline 33

4.5 The geopolitical aspect of energy security 35
4.5.1 The importance of the Wider Black Sea region 35
4.5.2 Balancing the regional energy hegemon 36
4.5.3 Geopolitical competition among gas importing states 37

5 Conclusions 39

5.1 Further research 41

6 Executive Summary 42

6.1 Purpose and research problem 42
6.2 Theoretical framework 42
6.3 Methodological framework 43
6.4 Analysis 43
6.4.1 EU's dependency on Russian gas – an asymmetrical interdependence 43
6.4.2 Cooperating to ensure Energy Security 44
6.4.3 Diversification of supplies and routes 44
6.4.4 The geopolitical aspect of energy security 44
6.4.5 Conclusions 45

7 References 46

1 Introduction

European energy security has attracted great attention ever since the 1973 oil crisis, yet there is still no common external energy policy of the European Union. Energy security is traditionally seen as closely linked to national soverignity. EU member states have therefore been reluctant to harmonize energy policy, and the progress on coordinated actions has consequently been very slow (Sauter 2008:103). However, the energy market has experienced several crises during the last decade – e.g tripled gas prices and the Russia-Ukraine gas conflicts in 2006 and 2009 – that have struck EU member states and triggered European leaders to put energy security as a top priority on the political EU agenda. Russia has shown several times the last decade that it is willing to use gas a political weapon, and since 1990, Russian gas supply disruptions have occurred quite regularly. But since the cut-offs had not harmfully affected the Western member states, EU and especially the larger member states were unwilling to act on Russia's coercive methods to control the economic and political policies of its neighbours. Quaintly enough, it was not until 2009 when the scope and length of the gas crisis made the Western EU member states truly open their eyes and acknowledge the implications of dependence on Russian gas (Smith 2010:2).

The events above have lead to the perception of Russia as a potential threat to EU's energy security and Russia's role as a reliable supply country has been been called into question. (Sauter 2008:103). The European officials have realised that a high level of gas dependency on a single producer state like Russia is problematic since the latter can use energy as a political tool in influencing policies of consumer states. The necessity of a coherent external energy policy has thus been accentuated, and ensuring and diversifying energy supplies are now two watchwords in the energy strategy of EU. Member states still have competence over their choice, usage and structuring of energy resources. However, with the Lisbon Treaty a provision on energy was introduced. According to Article 194 of the TFEU, Union policy on energy shall aim to *inter alia* ensure security of energy supply in the Union and promote the interconnection of energy networks. The article also provides that the European Parliament and the European Council shall establish the measures necessary to achieve the energy objectives mentioned above (European Union 2010).

In September 2011, the Council approved the mandate given to the European Commission to negotiate an agreement for the legal framework for a Trans Caspian Gas Pipeline (TCP). This is a proposed submarine pipeline connecting Turkmenbasy in Turkmenistan to Baku in Azerbaijan. The TCP, if built, would be linked to existing infrastructure and transport natural gas from Central Asia to EU, circumventing both Russia and Iran. This is the first time that EU has suggested signing an international contract aimed at supporting an infrastructure project

(European Commission 2011a). The fact that the Council gave its approval to the Commission to proceed with a diversification project aiming at ensuring European energy security means that this is the first time EU speaks in one voice towards third countries in energy matters.

1.1 Purpose and research problem

The thesis aims to explain why EU calls for a coordinated external energy policy by taking into account the challenges for European energy security and the means of addressing them. In observing the instruments and measures of the EU to ensure and diversify energy supply to Europe, the study intends to demonstrate how EU is trying to enhance and coordinate the external dimension of European energy policies. The purpose is to explore how EU seeks to increase its presence on the international energy arena while strengthening its voice on energy matters vis-à-vis third countries like Russia. This involves how EU tries to decrease its energy dependency on a single supplier but also counterbalance the influental role of Russia as the energy superpower. The study will thereby focus on how EU reacts and responds to external stimuli in order to attain an understanding of the impact of external events on European energy policy. Thus, the research question to be answered is the following:

> - What external factors can account for the development of a common external energy policy of the EU?

1.2 Limitations

In this thesis the EU is seen as a unitary actor, which implies that the level of analysis will be on European policy development, and the observations limited to actions taken on a EU-level. Moreover, the thesis will only discuss the external dimension of a common EU energy policy, i.e. the coordinated measures covering external energy matters.

Energy security in terms of diversification and ensuring security of supply will be limited to gas resources. This implies that all the energy aspects that are discussed below such as relationships with third countries, transit routes and diversification projects etc, will focus on gas.

1.3 Disposition

The first part of the thesis (ch. 2 and 3) accounts for the theoretical and methodological framework, which are the basis for the study. The theoretical chapter provides with analytical tools and concepts guiding the thesis. The methodological chapter discusses the research design and the chosen method techniques for studying the case in focus. The second part accounts for the analytical chapter (ch. 4), which is divided into five separate but interrelated subchapters exploring the different aspects of the case and examining the reaserach question. Finally the last part (ch. 5) presents the conclusions drawn from the analysis.

2 Theoretical framework

This chapter aims at creating an analytical framework by looking into existing theories in the field of this study. The following subchapters include a theoretical discussion as well as a brief overview of research in the area of interstate cooperation in international politics. The purpose is to find the suitable analytical and theoretical tools for understanding and explaining the coordination of European external energy policies.

2.1 Philosophy of science

The thesis is based on rational assumptions, which is a methodological choice whereby the approach of the study reflects the philosophical position of rationalism. Rationalism should be seen as an analytical tool rather than empirical descriptions of international politics (Fearon – Wendt 2002:52). Rationalism is a wide concept that comprises a range of different theories. In this study, realist and neoliberal theories will be used together as tools to understand and explain the development of a common external energy policy. These theories are within the same ontological field, meaning that they have the same basic assumptions about international relations.

The choice of theories is motivated primarily with that both realism and neoliberalism are actor centred perspectives, presupposing that self-interest and strategically thinking are what control the behaviour of actors. Moreover, they have in common the premise that actors/individuals calculate the courses of actions in terms of the one that is most efficient for achieving the ends (Fearon – Wendt 2002:54,60). Furthermore, both realism and neoliberalism provide good tools in order to analyse intergovernmental cooperation in international politics. They have interesting, although diverging, views on power and influence, which make them fruitful to apply on the case in focus.

2.2 Theoretical application

The theoretical approach of this research has taken inspiration from Graham Allison and Philip Zelikow's book *Essence of decision – explaining the Cuban Missile Crisis*. What they did was to demonstrate how the event of Cuban Missile Crisis could be given at least three explanations and be understood differently according to the different theories. By doing so, their aim was to show that the

same events could be related to different facts or explained by the same facts but differently interpreted (1999). Their method is valuable in terms of illuminating the event of EU's external energy policy from different perspectives, with hopes of better be able to understand and explain the greater picture. With different theoretical lenses, the phenomenon can be seen differently so the explanations given in this thesis should be seen as complementary. A theory pluralism of this kind can be fruitful since actors' behaviour, interests and motivations are situation and context bound, and thereby require different models of analysis covering different situations (Lundquist 1993:122–124).

Thus, the case in focus will be explained by using already existing theories, which makes this a theory consuming study. The chosen theoretical framework will be used as a tool to structure the analysis and to answer the research problem (Esaiasson et al. 2007:121-122). In a theory consuming study the case is in focus whereas in theory testing studies the theory is in focus. Generalisation of results is not important when it comes to theory consuming studies. Here it is mainly central to examine whether the given factors are satisfactory for explaining the case in focus (Esaiasson et al. 2007:100).

The case of an external energy policy falls under different policy areas such as energy security and foreign relations, which makes it necessary to consider several aspects and thus a slightly wider theoretical framework. Before elaborating on the driving forces of a common external energy policy, it is fundamental to discuss some theoretical concepts about cooperation in international politics in general. It is of interest why member states for instance are cooperating in foreign issues and what the incentives could be for cooperating also in external energy matters.

Since the EU is viewed as a unitary actor responding to external stimuli, the important thing is the external energy policy it actually pursues rather than how it internally reached it. The focus is on how EU is reacting to external events and how these affect the cooperation in external energy matters. Consequently, the integration logic within EU will thus not be elaborated in this study. One could have investigated EU member state cooperation more specifically by theorizing the process and outcome of European integration in using for instance intergovernmentalism and neofunctionalism. Nevertheless, it is out of the scope of this study to investigate the role of the different member states or the role of supranational institutions like the Commission and how these are the drivers or not for harmonisation and increased coordination of energy policies.

2.3 Realist premises

Realism contains different schools of thought and approaches, but there are some common operational assumptions that can be drawn from all of the variants within realism (Sheehan 2005:7). As a nodal point, realism has the perception that the international system is anarchic in which national security is generated by each state's capability and efforts. Because of the dominating logic of security

competition, states are considered to not be prone on cooperating with other states. The anarchic system thereby limits the degree of interstate cooperation. Notwithstanding, states still choose to cooperate with each other, if and when there are compelling reasons to do so (Sheehan 2005:10).

Most realists agree upon the idea that international politics is anarchic, which involves consequences for states' behaviour. Nevertheless, the notions of security dilemma and "power maximizing" states have proven to be too simplistic for some scholars. Classical realists like Waltz and Morgenthau have had a hard time answering questions like why states are able to cooperate at all, given the security dilemma and anarchy (Art – Jervis 2005:). Kenneth Oye belongs to scholars advocating a mitigated anarchy, and argues that world anarchy constrain cooperation but does not prevent it. In fact, states have learned to cope with the anarchic system and they have developed a number of national strategies that facilitate the achievement of common ends (Art – Jervis 2005:4-5).

For realists, states exist in a very competitive environment in which each actor try to maintain or overthrow the status quo. States do what they have to do in order to survive and therefore they all play the game of balance of power (Sheehan 2005:19). This brings us to the theoretical approach of balance of power/threat and how interstate cooperation can be explained, given a realistic worldview.

2.3.1 Cooperation as a strategy of balancing threats

The balance of power theory believes that states form alliances to inhibit stronger states from dominating them. The alliances function as a protection from threats posed by the superior resources of other states or coalitions (Walt 2005:96). The basic idea of balance of power is the prevention of one state to acquire hegemony. Balancing does not mean however that all states can acquire the same status or benefits, rather the contrary since there are inequalities in power and expertise. Consequently, states will use military means to try to maintain what they have or acquire what they desire. Thus, according to this approach the potential of war is always present and the international system will be unstable (Art – Jervis 2005:6).

Stephen M. Walt draws on balance of power theory but uses the term balance of threat since power alone is not believed to give a full picture of factors behind choices of alliances. Walt argues that balance of threat theory is a better alternative (1987:5). Aggregate or offensive power, geographic proximity and perceived intentions are examples of factors that can determine the level of threat posed to states. The probability of vulnerable states seeking alliances increases with the intensification of threat (Walt 2005:98).

When threat confront states, they may either balance or bandwagon. Balancing means that states ally with others against the threat, whereas allying with the source of danger is defined as bandwagoning (Walt 2005:96). Walt claims that states are more likely to join with others to prevent any state of becoming so strong that it would have the potential of hegemony. By this he means that states balance against emerging threats rather than endorse or stand behind the stronger

side like bandwagoning suggests (Art – Jervis 2005:6). That is because bandwagoning requires placing trust in the threatening power whose benevolence might be unreliable. Besides, intentions can change and bandwagoning involves the risk of increasing the resources available to the stronger power to which other states ally. Walt thereby argues that states prefer the safer strategy, which is to join alliances with the weaker states rather than the dominating power (Walt 1987:29). By balancing, there is a smaller likelihood of getting run over since there is a greater need for assistance among the weaker side, and thereby the new member's influence can increase within the alliance. Together the allied states can counterbalance the hegemon or the dominating state (Walt 1987:18-19).

For the context of this thesis, the increased cooperation between EU member states in external energy matters would thus be seen as a way of bandwagoning against Russia, that in this study is interpreted as the threatening and unreliable energy super power whose influence EU would want to counterbalance.

2.3.2 Geopolitics

> "The balance of power is the product on the one hand of geographical conditions, both economic and strategic, on the other hand of the relative numbers, virility, equipment and organisation of the competing peoples" - (Mackinder 1904:437).

Geopolitics draws the attention to the importance of geography and the certain geographical patterns that can be distinguished in political history. Political predominance should not merely be seen as means of having material or human resources but also be seen in its geographical context (Gray – Sloan 1999:1-2). Geopolitics does not necessarily mean that the geographical environment determines the strategy or foreign policy objectives of states/actors but rather that it gives opportunities for policymakers. That said, it is the strategy that determines whether these opportunities are exploited or not. Geopolitics is interested in the relationship between geographical environment and the decision-making process, in which policymakers are to be influenced by geographical factors when formulating objectives and strategies for realising them (Gray – Sloan 1999:1-2). Geopolitics is criticized for attributing too much importance to a single factor and not acknowledging all other variables. Though, one should not neglect the geographical element in which distance and terrain shape the sense of threat in international politics (Sheehan 2005:22).

Geopolitics emphasises the central place of geography in the study of strategy and security (Sheehan 2005:22) and is therefore interesting as an analytical tool for the case of this study, where the Wider Black Sea region[1] has a central role. In order to understand EU's external energy policy and the struggle for resources, we also need to understand the strategic role of the Wider Black Sea, and the regional

[1] The Wider Black Sea region is an expression for denoting the geographical area that stretches from the Black Sea all the way to Western Central Asia, including South Caucasus and the Caspian Sea.

dynamics and power game where EU and Russia among others are trying to gain or maintain their influence in the region. In today's post-Cold War era where there is no longer an East-West divide, long-time neglected areas like the Caspian basin and South Caucasus have acquired strategic significance (Klare 2001:214). The global competition for energy will inevitably make the resource rich areas strategically important and the competition will focus on the transit routes that could carry the energy supply to distant markets (Klare 2001:44). Geopolitical anxieties will be present as a result of the strategic importance of energy resources combined with the fact that they are unevenly distributed (Dannreuther 2007:79).

Thus, these geopolitical ideas can be used as tools to analyse the attempts of EU to enhance its presence in the Wider Black Sea region as well as increasing its influence among neighbouring countries. The importance of geopolitical issues can thereby explain the increased competition but also the increased cooperation in energy issues.

2.4 Neoliberal premises

Although not denying the assumption of an anarchic international system, neoliberals criticise realists for exaggerating the consequences of it. The role of the state and its interests are central here as well but neoliberals are not as limited as realists in defining what those interests are. Neoliberals view intergovernmental cooperation differently in maintaining that anarchy could be overcome by collective actions. These are for instance norm building and creation of regimes and institution, which can facilitate international cooperation (Art – Jervis 2005:6). International regimes and institutions set the rules and norms of behaviour and if states agree on these principles the security dilemma could be mitigated and the scope for cooperation increased (Art – Jervis 2005:6). Robert Keohane is the frontman for the neoliberal school of thoughts and most known for his book *After hegemony* from 1984. Here he argues that institutions provide states with a framework for long-run agreements helping states to work for mutually desired outcomes (Keohane 1984).

Balance of power is not synonymous with only realism; it can also be explained within a liberal framework (Sheehan 2005:20), which brings us to the ideas of Keohane and Nye. The balance of power theories mentioned in the previous section seem to have a hard time explaining and analysing problems of economic interdependence. It is therefore fruitful to now elaborate the notion of interdependence and the way power and world politics can be understood accordingly. Keohane and Nye, both emanating from rationalist thoughts, developed in the 1970s the analytical concept of interdependence. Their basic idea is that world politics and the behaviour of states can be understood by taking into account of how they are affected by interdependence but also how the latter is influenced by governmental actions (1977:5). Keohane and Nye are arguing that ever since the end of the Cold War, foreign economic competition has increased and military force has become ineffective on certain issues. The traditional way of

interpreting power and security are difficult to use effectively and instead of focusing on national interests, domestic and foreign policy become closely connected. A prevailing interdependence does not mean that conflicts will disappear but suggests rather that conflicts are taking new forms (Keohane – Nye 2001:7).

2.4.1 Interdependence: power and asymmetrical relations

Interdependence means mutual dependence as in reciprocal effects among states in world politics. The reciprocal effects are due to the increased number of international transactions such as flows of money and goods (Keohane – Nye 1977:8-9). In contrast to the realist notion of power, Keohane and Nye see power in terms of asymmetrical interdependence. Interdependence does not mean that it is evenly balanced, rather the contrary since there are often asymmetries in dependence and most of the cases lie between the two extremes; fully symmetric and pure dependence.

According to interdependence theory, asymmetries in dependence can be a source of power in which power is thought as control over resources. Asymmetrical interdependence can be a source of influence as well, in the sense that the less dependent actor can use the interdependent relationship with another actor as a source of power when it comes to bargaining over certain issues. Thereby, power can also be thought as the potential to affect outcomes. A less dependent actor has a greater ability to initiate or even threaten changes in the relationship with the more dependent actor, since the changes will be less costly to the former than to the latter. The less dependent actor therefore has a significant political resource in relation to its partners (Keohane – Nye 1977:10-11).

Whether the potential to affect outcomes is becoming effects is a matter of political bargaining and the advantage of the less dependent actor does not guarantee a control over outcomes (Keohane – Nye 1977:11). Nevertheless, it is worthwhile to understand the political resource and the role of power that favourable and unfavourable asymmetries in interdependence provide. But for greater understanding one need to first clear out two dimensions of interdependence - sensitivity and vulnerability.

Sensitivity is the degree of responsiveness within a framework of policies in terms of how costly and how quickly the effects are when changes in for instance one country bring changes in another. Sensitivity interdependence can be political as well as economic and is created by interactions within a framework of policies. When a set of policies remains unchanged, due to for example commitment to a certain pattern of international rules, it makes it difficult to formulate new policies in short time. Sensitivity therefore involves the assumption that the policy framework remains constant (Keohane – Nye 1977:12).

In the case of this study an example of sensitivity dependence would be the way the EU has been struck by increased gas prices at several occasions. Since a great deal of the energy requirements of European countries are imported, they are sensitive to price rises. The proportion of energy import in combination with the

increased costs of foreign energy resources create a situation of sensitivity dependence in an absence of new policies, which usually take a long time to implement.

Notwithstanding, it is important to acknowledge that the framework of policies could be changed and this is where vulnerability comes in. This dimension takes into account the possibility of new policies, the available alternatives and the costs of these that an actor faces when/if adjusting to the outside change (Keohane – Nye 1977:13). For example, the EU's alternatives to imported energy and the costs of pursuing those are what matters and not the proportion of the needed energy that is imported. The US and the EU-27 might for instance import the same percentage of their energy needs and thereby be equally sensitive to price rises or supply interruptions. The EU-27 are however more vulnerable than the US, because the latter can shift to domestic sources or other alternatives at a lower cost whereas the alternatives for the former is more costly since the domestic sources are not sufficient.

Thus, regarding cost dependence, both sensitivity and vulnerability means liability to costly effects imposed by external events. Though the difference is that sensitivity is an actor's liability to suffer from costs before policies are altered in order to try changing the situation, whereas vulnerability is defined as the actor's liability to costliness even after policies have been altered (Keohane – Nye 1977:13). Vulnerability would be measured by looking at the costs imposed by the external actions and the political willingness to reduce these costs. Actors, faced by this kind of costs are deemed to change their policies (Keohane - Nye 1977:14). In this line of thought, it would therefore be expected of EU to change its external energy policy in order to reduce the costs imposed by external energy actors. On way of reducing these costs is to ensure and diversify energy supply.

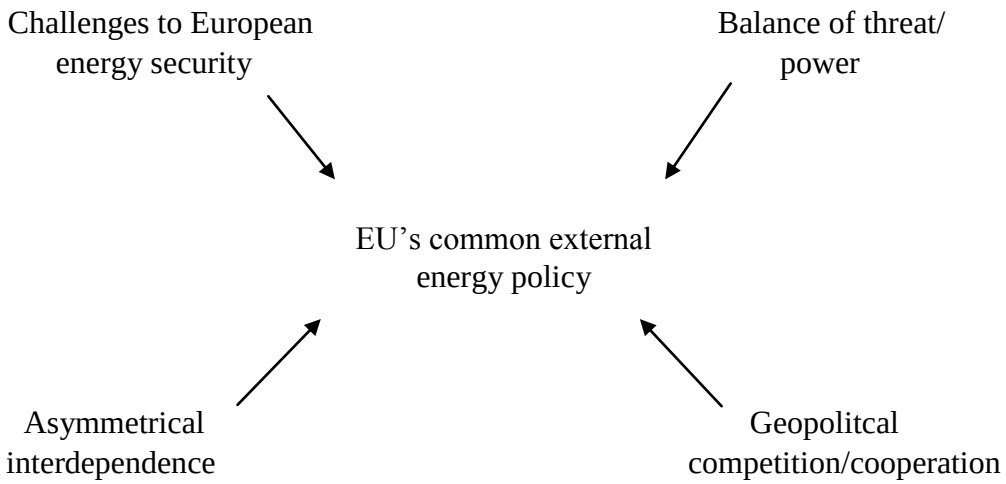
This thesis has no ambition to calculate and measure the vulnerability or sensitivity of EU-27 before and after it changed its energy policies. Nevertheless, vulnerability is an important term and a useful tool for understanding the political structure of interdependence relationships. It is substantial to mention vulnerability because it brings attention to which actors that can set the rules of the game and how other actors' policy change could alter those rules and potentially lead to a diminished vulnerability (Keohane – Nye 1977:15). A less dependent actor that uses the asymmetric interdependence relationship in terms of strategies of manipulating the vulnerability of the more dependent actor, faces the risk of counterstrategies. Because the actor that is put in a disadvantageous situation by a set of rules will most likely try to change those rules (Keohane – Nye 1977:16,18). This perception can again be related to the case of this thesis, where the relation between Russia and EU is central in the external energy policy of the Union. The asymmetries of their relationship are manifested and Russia has been perceived as manipulating the vulnerability of EU. Hence, Keohane and Nye´s theoretical tools are suitable for analysing the development of a common external energy policy.

2.4.2 Cooperating for energy security

Due to the uneven distribution of energy resources, geopolitics has always been present in the struggle for resources. Non-renewable resources have strategic implications like physical availability and potential scarcity. The gas/oil-interdependencies can therefore be a potential spur for international conflict but also promote international cooperation (Dannreuther 2007:79-80). It is thereby delimiting to only study energy security merely in terms of confrontation and zero-sum competition when there are also cases of mutual interests and interdependencies between exporting and importing nations as much as between upstream and downstream countries. Examples of shared interests between exporting and importing countries are price volatility and ensuring that investment will meet long-term demand for gas and oil (Dannreuther 2007:91-92).

This approach reflects the liberal thoughts on how states can choose to cooperate if/when it lowers the transaction costs. It is the role resources play in the development of regional politics that makes them strategically significant. For the scope of this study, it is how they make the EU member states cooperate over energy policy that is of interest. Thus, the importance of geopolitics also involves the aspect of increased cooperation with third countries, especially strategic producer and transit states.

All in all, based on the theoretical discussions above, the following figure aims to point out the main external factors accounting for the development of a common external energy policy of the EU. These concepts and notions are tools for explaining the case in focus as well as structuring the analysis.



3 Methodological framework

This chapter presents how the research will be carried through in order to answer the research question. Furthermore the design of investigation and the chosen methods will be discussed, as well as the specific techniques used to pursue the study and analysis.

3.1 Research design

The research is designed after qualitative method encompassing case study where the EU's external energy policy is to be explained by the chosen theories and the impact that external stimuli have had on it (Lundquist 1993:104). In this research, case study method is used as the internal examination of a single case (George – Bennett 2005:18) thence, not a study of the different member states' energy policy as in a multicase study. The thesis has no ambition of testing whether the information in the study has a general validity but rather has a purpose of explaining. The primary aim is to get an understanding of the rational behind a common external energy policy, and thus to try describing and explaining the entirety of the context in which it contains (Holme – Solvang 1991:13).

The external energy policy of the EU is a case of intergovernmental cooperation in international politics. Thus, to attain an understanding of the development towards a common external energy policy, one need to look into the possible explanatory factors behind the actions of the EU as well as accounting for the aspects of energy security and how this effects the developments in energy matters. When examining European energy security, it is significant to consider the challenges to it and thereby what goals and instruments the EU undertakes in addressing those.

The theoretical chapter defined a number of key concepts that are helpful tools for structuring the analysis. The operationalization in the previous chapter rendered the possibility to translate the theories in to something concrete to look for when analysing coordination of energy policies. Thus, to solve the research problem the study will investigate the following. Energy issues are normally a matter of "low politics" unless they do not touch upon ruptured flow of gas or price crisis etc. Whenever there are a crisis or an event that affects European energy security, the energy policy of EU attracts attention as "high politics" (Sauter 2008:105). This is why it is of interest to look into some of the salient events in the EU-Russian gas relation, in order to explain the recent developments of EU's external energy policy. The events can illustrate how energy security gains attention and importance on the political agenda. Furthermore, they are

useful for demonstrating the asymmetrical gas interdependence, power politics that are at stake in energy matters and how Russia's influential role as an energy producer is sometimes perceived as menacing from EU's perspective. The geostrategic aspects are also important to examine in terms of understanding the ambitions of EU to increase its influence in the Wider Black Sea area and to mitigate Russia's role as a regional hegemony. Geopolitics also illustrates how EU increases its coordinated energy actions when increasing cooperation with third countries. The goal of this study is to make explanatory inferences on the basis of empirical information about the European energy policy and EU's energy relations with third partners such as Russia and Azerbaijan.

3.2 Advantages and implications of case study

Since terms like power and security are concepts that are difficult to measure, case study renders possible to achieve high levels of conceptual validity. With a small number of cases, the researcher can reach conceptual refinements with a higher level of validity. Whereas a larger sample of dissimilar cases, like in statistical studies, risks leading to conceptual stretching (George – Bennett 2005:19). One ought to be aware though of the "equifinality" of a phenomenon like intergovernmental cooperation, meaning that it includes several explanatory factors or paths leading to the same outcome (George – Bennett 2005:20). Like in this thesis, the case in focus can be explained by a combination of variables, which is why several theories are combined to give a greater understanding and clearer picture of the phenomena. Case study allows the researcher to examine the causal mechanisms in individual cases in detail, by looking into the different variables and trying to identify what conditions that are present in the case and how these can be related to causal mechanisms. Additionally it gives the possibility to give explanations by using theories that can reflect or even manifest causal mechanisms (George – Bennett 2005:21).

However, "single-observation" research design runs the risk of indeterminacy in view of several possible explanations and it can therefore lead to incorrect inferences. A single case study can nevertheless involve many observations that can be useful to illustrate a relationship or to give a greater understanding of political motivations behind a phenomenon (George – Bennet 2005:32).

Being aware of the limitations of case studies when it comes to how much a certain variable affect or generally contribute to the outcome in the case, the study still can assess how a variable mattered to the outcome (George – Bennett 2005:25). Accordingly, this thesis can only make tentative conclusions but this does not necessary cause a problem since the main purpose of the study is to illustrate how the actions and strive for a common external energy policy can be explained in line with the theories and factors presented in the previous chapter.

3.3 Causality

Description is a prerequisite for understanding and explaining. But if description is not linked to some kind of causal relationship, it loses its interest (King et al. 1994:34). To explain a phenomenon means underlining the mechanisms that evokes the phenomenon in case. What evoke it are the causes, and the explanation is thus part of the process to understand the phenomenon under study (Bjereld et al. 2002:93).

The investigated phenomenon can have alternative determinants and the outcome can thus be caused by a combination of different variables (independent or not of each other). This is referred as "multiple causation". Bearing in mind that one ought to be careful drawing causal conclusions; the ambition is to detect the relation between ensuring European energy security on one hand, and the development towards a common external energy policy on the other hand (Teorell - Svensson 2007:82). Put in other words, the EU is undertaking various measures, initiatives and projects in order to tackle the challenges facing European Energy security. These actions are in turn means of enhancing the external dimension of European energy policy. External stimulis like challenges to energy security, the asymmetrical gas interdependence with Russia and geopolitical competition are thus functioning like causal mechanisms spurring increased cooperation in energy matters.

Different scholars define causal mechanism in different ways. Here, causal mechanism is connected to theories and defined in line with Peter Hedström and Richard Swedburg's description: "analytical constructs that provide hypothetical links between observable events" (quoted in George – Bennett 2005:135). In order to develop explanations we must know things about the case and its characteristics. Descriptions may lead to causal explanations but explanations might also lead us to describe more. In this sense description and explanation have an interactive relationship. The importance of empirical sections ought not to be denied, as description per se is fundamental besides having a central role in all explanation (King et al. 1994:34).

3.4 Definition of energy security

Energy security has traditionally been defined in terms of availability, reliability and affordability. Availability of energy goods and services is consumers' ability to secure the energy that they need, reliability is to what extent the energy services/imports are protected from interruptions, and the affordability dimension of energy security is mainly about volatility of prices (Elkind 2010:121-126).

The definition of energy security is very much bound and dependent on the context and it means different things for different countries, facing a different security position. Each country's policy priorities reflect this position and

perception of energy security. A state's position may be favourable in relation to some of the dimensions of energy security but face challenges in relation to others (Elkind 2010:130). For supplier states like Russia energy security is foremost a concern about the stability of the energy markets and about ensuring demands of their supplies. Whereas for Europe it has primarily been about security of supply meaning reliable and affordable energy flows (Petersson – Törnquist-Plewa 2008:8). Differences can be found even within a given state so within the EU as whole, there are naturally vast differences. But one can get an idea of what security position EU as such is facing in energy matters by looking at EU's vision of energy security phrased in terms of (Marquina 2008:55; European Commission 2006; Niewiem 2008):

- Reducing the dependence on imports from a single or unstable regions and suppliers.
- Reducing the risk of major producers using energy as a political lever.
- Diversification of energy resources and geographical origin, which requires further investments in infrastructure projects as well as engaging with partners beyond EU's borders.

The discussion above aims to clear out conceptual substance and to indicate what to look for in the study of the case in focus, which will hopefully evade any validity problems (Hancké 2009:89). Assuring European energy security will thus be seen in terms of diversification of supplies, routes and country of origin, as well as decreasing the gas dependency on a single provider.

3.5 Material

Since this is a study on the development of an external energy policy of the EU, primary sources like EU documents on energy are necessary. Material such as decisions, statements, press relieses, and communications are valuable to analyse in order to connect the theories to empirical data. Besides, these documents usually illustrate how the problem in question is framed and reasoned by the EU itself. In the search for evidence that is consistent with the chosen theories, it is helpful to read EU's written record where the reasons for its actions can be found (King et al. 1994:227). The Commission's aspiration of a common external energy policy is often well demonstrated in the various documents related to energy policy. Additionally, there are strategy papers that are fruitful for grasping the EU vision of energy security and how the challenges to it are portrayed.

Notwithstanding, the texts in the documents and websites of the EU agencies are official, which means that its content should be taken *cum grano salis*. Scepticism is obviously fundamental and one must always question the accuracy of the data used in the research (King et al. 1994:32-33), especially primary data. Using official EU documents involves the problem of partiality and "tendentious sources". This problem concerns all documents coming from political organisations, parties, units and so on. The information is usually biased as the narrators have an interest in revealing certain circumstances and leaving others

out. One should therefore be aware of the tendencies of the narrators and not to rely solely on primary sources (Esaiasson et al. 2007:321-322). No matter what kind of text analysis that is conducted, interpretation of the text is inevitable. So when interpreting documents, it is important to recall in which context the text has been produced, who the producer is and to whom it is addressed (Bergström – Boréus 2005:23-24).

In addition to primary sources, the research uses various types of secondary sources. The effort has been to maintain a good mixture of books, academic journals, news articles and reports and publications from e.g. think tanks. Furthermore, empiri is also collected from useful energy websites providing with opinions and analyses of energy experts. These are often a good complement to the abovementioned materials.

In using all these different types of material the study intends to cover different perspectives and dimensions of European energy security as well as EU's external energy policy.

4 Analysis

The analytical chapter is structured according to the theoretical themes and is thereby divided into five subchapters. Before going through the current developments of EU's external energy policy it is worth looking back to the history of European energy policy by recalling some of the major events. The section below is hence a brief overview to give some background information in order to then proceed with the analysis.

4.1 A conspectus of European external energy policy

Paradoxically, there has been a paucity of member state cooperation in energy policy-making, even though the whole European Project started off as European Coal and Steel Community (ECSC). In the Paris Treaty[2] it is stated that coal would be under the auspices of the ECSC. The Treaty of Rome[3] outlined that oil, natural gas, hydropower and electricity would be covered by the Commission. Moreover, Euratom[4] would cover nuclear power. None of these treaties gave any provisions however for a future common energy policy. The energy industries of Europe were to a vast majority nationally based companies, owned and regulated by the state. Sovereign control over resources was of great importance and energy policy a national matter. Back in the 1950s there was no necessity of a common energy policy (Bromley 2009:239).

During the 1950s and 1960s the rundown of the coal sector became evident in the face of the Middle East crude oil imports that were rapidly increasing. Coal was displaced by petroleum (oil and gas) and the change of energy resources was dramatic. The European Community's total energy requirements consisted of coal to 75 per cent and of oil to 10 per cent in 1950, whereas in 1971 the coal accounted for 20 per cent and oil for 60 per cent (Sodupe – Benito 2001:166). The energy import dependence of the Community increased in parallel from 13 per cent of requirements in 1950 to 63 per cent in 1970. To begin with, oil was merely assumed to be a bridge to a future of nuclear-generated electricity so the few Community policies on energy were mainly on the regularisation of coal subsidies. The concerns of Western Europe during the 1950s and 1960s were primarily the unemployment and the regional implications due to the decreased

[2] Treaty establishing the ECSC, signed in 1951.
[3] Treaty establishing the European Economic Communiy, signed in 1957.
[4] Treaty establishing the European Atomic Energy Community, signed in 1957.

significance of the coal sector. Worries about security of supply were dispelled by oil companies assuring that they would cope with disruptions of supply resulting from the Suez Crisis and the 1967 Arab-Israeli War. But then came the oil crisis of 1973 and the first price shock for Europe (Bromley 2009:240).

The oil crisis resulted from the October War and the oil embargo that the countries of Arab Organization of the Petroleum Exporting Countries (AOPEC) declared against the Western countries that supported Israel in the conflict. The Arab countries attempted to use oil as a weapon by increasing the oil prices and cutting the production of oil sufficiently to shock the Western economies (Luciani 2005:88-89). The nine EC members had divergent positions regarding the Arab-Israel conflict and those who adopted a pro-Israel stand (Germany and the Netherlands) were regarded as hostile countries by AOPEC and suffered a total embargo. The neutral countries got a cutback of a 5 per cent reduction per month whereas the supply for "friendly countries" like France and Britain were untouched (Nuttall 1992:94). As a result, the Western world started to put into practice diversification policies and the promotion of natural gas in order to diminish the dependence on oil (Sodupe – Benito 2001:166). Ironically, the reduced dependence on Middle Eastern oil later came to be an increased dependence on Russian gas instead.

In the light of the 1973 oil crisis, the Commission launched a long-term strategy paper on energy policy covering problems and resources for the decade 1975-1985. In this paper the Commission argued for a common internal energy market and suggested that security of supply could be pursued by a general increase in the use of *inter alia* natural gas, in order to reduce oil's share of total requirements from 60 to 40 per cent (Bromley 2009:240-241). However, the Commission's proposals, on e.g. the Committee of Energy or the coordination of a flexible system of concertation amongst energy companies, were not realised with an actual programme of action (Bromley 2009:241).

The 1980s were characterised by rapidly expanding natural gas supplies and today it stands for approximately 30 per cent of total primary energy supply of the EU, compared to 2,5 per cent in 1965 (Bromley 2009:243). Currently a share of nearly 30 per cent comes from Russia, which makes it the first and foremost gas provider to the EU. Norway is on second place with 17 per cent and Algeria is third with 13 per cent. 87 per cent of EU's gas supplies comes by pipeline from the three above-mentioned countries. The difference between oil and gas is that in the case of the latter, it is rather a regional commodity so there is no global market and price for it (Bromley 2009:244).

The total energy consumption of the EU will increase in the near future but the domestic fuel production is decreasing. This means that the level of imports will rise so as to cover the energy demand. The level of gas imports will also rise to an estimated level of 70 per cent in 2020 (Janusz 2008:286). The new member states in Central and Eastern Europe have nearly 100 per cent dependence on Russian state-owned gas company Gazprom, and France and Germany's dependence on Russian gas is increasing more and more (Cornell 2008:303). The absence of a common EU energy policy has enabled Russia to use this lack of unity to sign bilateral agreements with EU member states, e.g. with Germany and France, and

thereby to maximize its advantages as the key energy supplier (Morales 2008:30). Moscow has pursued a so-called "divide-and-conquer" strategy towards Europe, meaning that Gazprom has been very active in signing deals with several of the major European energy corporations and thereby consistently sought to expand into European energy markets. These agreements were destined to ensure a steady supply of gas to Europe, but they have also lead to an increased level of European dependence on Russian gas (Morales 2008:29).

Regulations in the energy sector have traditionally been reserved to the competence of the member states and their national energy law. Though, it should be noted that since the EU member states import most of their resources this has lead to the creation of some transnational energy regulations of EU law (Janusz 2008:288). The EU has in the aim of meeting the energy security challenges and objectives, gradually been implementing more legal regulations and Commission proposals. But maintaining a coherent external energy policy has been constrained since these regulations are within the competences of the member states as well as the Community (Janusz 2008:290). There is obviously a clear dichotomy between the EU institutions and the different member states, but there are some shared principles within EU-27 that have provided for priorities and policies such as increased energy efficiency and turning towards service-oriented economies, adopted e.g. after the shared experiences of 1973s crisis (Meidan 2008:37). So the current international energy markets reflect the EU policies and the concerns on energy security in Europe much more than one can perceive at a first glance. On the whole, however, energy remains subject to the rules of the free market and the promotion of competition. By mainly focusing on the internal liberalisation, the EU policy has not been able to ensure that the necessary physical connections are in place on a pan-European basis for the completion of the internal market. Moreover, EU energy policy has aimed at decreasing European-wide levels of competition while allowing the competition in national markets to increase. Simultaneously, the external energy policy of the EU has consisted of getting external suppliers to enter a single regulatory European zone. That has been pursued on the basis of extending the relevant EU acquis and the European Charter Treaty, in hopes of facilitating external suppliers' integration with the EU's internal energy market (Bromley 2009:244).

After this passage on the general energy security situation of the EU, we will now turn to the issue of the Union's energy relations with Russia and why their gas interdependence is perceived as problematic.

4.2 EU's dependency on Russian gas – an asymmetrical interdependence

Dependence on a world market is actually fine as long as energy policy ensures the reliability and efficiency of supply (Florini 2010:152). The problem though, is mainly price shocks and the vulnerability to supply disruptions, occurring partly

because of the uneven distribution of energy sources around the world. Furthermore, energy markets are mainly controlled by a handful of government-dominated firms (Gazprom being the prime example), which causes market distortions (Florini 2010:153). Diversification of supplies and routes could mitigate the risk of supply disruptions. Diversification of gas is however costly and time-consuming seeing that most of the world's natural gas is delivered by pipelines. New pipelines require licensing and an expensive and arduous construction process. Building infrastructure is thus a long-time project, requiring contractual commitments for financing the huge amounts of multibillion-dollars (Pascual – Zambetakis 2010:21).

For consumer states, like the EU member states, that see the risks of vesting too much political power in energy rich states like Russia, the short-term options are limited. The critical changes are those in the medium and long-term, and because of the amount of different actors involved decisions and changes take time (Pascual – Zambetakis 2010:23). One could then ask why there is a desire among EU officials to diversify the sources and the infrastructure for gas, despite the costs and difficulties there is to it. Liberals would argue that pipeline connections are fostering cooperation and security in the sense that they create a long-term mutual dependence where the consumer and producer are reminded that confrontations and boycotts will have damage on both sides. A concrete example is how gas supplies from USSR to western and central Europe were uninterrupted, despite the cold war (Pascual – Zambetakis 2010:20). Nevertheless, the dependence is rarely mutual and disruptions of supply have struck Europe too many times.

Energy-relationships are rarely shaped by a full mutuality of benefit but the problems arise whenever one party tries to exploit its position of upper hand to dictate the political relations with the other part (Pascual – Elkind 2010:3). Russia has used its energy wealth and producer leverage as a tool to strengthen its regional influence (Pascual – Zambetakis 2010:17). Its dominating role as an energy exporter in combination with its control over the world's largest nuclear arsenals alongside the US, has contributed to the nature of Russia's role in international politics - not to mention the veto power Russia has in the UN Security Council (Pascual – Zambetakis 2010:19-20). Before the financial crisis of 2008, rising demand for gas imports drove up the prices, and the wealth and leverage of the producer states increased which allowed suppliers like Russia to be boastful in regional and international politics (Pascual – Zambetakis 2010:10). Since EU is highly dependent on imported gas, Russia obtains an important role, as the main supplier of gas, in EU's energy policies. Russia has at several occasions been perceived as a threat to the energy security of its neighbours and energy trading partners. In 2006, its controversial role gained broad public attention and Europe realised its energy security was threatened (Elkind 2010:133). Public attention to the political aspects of energy is mainly evoked at moments of crisis. When it comes to supply of gas, it is disruptions, price rises and high volatility that catch the attention of politicians (Pascual - Zambetakis 2010:9), which is why the following sections are dedicated to the two gas crisis

that made European officials realise the necessity of a coordinated external energy policy.

4.2.1 The 2006 Gas Crisis

Ukraine's location and extensive gas transit infrastructure stemming from the Soviet era make it a critical link and essential partner for Russia to export gas to buyers in Europe. Every year, a significant amount[5] of natural gas flows across Ukraine to Europe. This amount represents more than 20 per cent of EU's total gas consumption and accounts for roughly 80 per cent of Russian gas export transit volumes (Pirani et al. 2009:5). The stakes are high for all concerned.

After the "Orange Revolution" and the election of Viktor Yushchenko as president of Ukraine in early 2005, the policy of the country became more West oriented. Yushchenko stressed economic reforms and accession to both EU and NATO. This kind of stances were not appreciated by Kremlin and the last straw for Russia was the declaration of Yushchenko that Ukraine desired to conduct its gas relation with Russia based on an all-cash principle, and to put an end to the non-transparent barter exchanges, causing high corruption and bitter conflicts with Moscow ever since 1992. Additionally, Ukraine's refusal of selling its international gas transit pipelines to Gazprom was restated by Yushchenko. Russia demonstrated its dislike to Ukraine's new policy priorities by declaring it would suspend its supply obligation to Ukraine according to the gas agreement between the two countries. This resulted in an intensifying war of words and instead of negotiating a new energy deal the two perpetrated trading accusations (Elkind 2010:133).

Following the dispute, Russia responded on January 1, 2006 by cutting gas supplies to Ukraine. It has to be mentioned though that "cutting gas supplies to Ukraine" does not mean cutting off Ukraine entirely since this would mean cutting off Europe simultaneously. Russia only reduced gas by an amount that according to the Russians would correspond to the Ukrainian domestic share of the total volume (Pirani et al. 2009:22). Yet, the problem was that reducing gas supplies in the midst of a bitter cold winter was enough to result in a shortage of energy for heating. Russia claimed that they had cut off only volumes of gas destined to Ukraine, but countries downstream from Ukraine reported reduced gas flows (Elkind 2010:134). The risks to European security of supplies were thence obvious.

The Ukrainians did neither think that the dispute with Russia would endanger the gas supply security of EU neighbours, nor that it would endanger its own gas supply. The Russians did not think that outside observers would blame Russia for the crisis but rather Ukraine. Both were wrong. EU, a number of European nations and the US spoke out against the actions of Russia, who after three days backed down after loosing the war of global public opinion. On January 3 the Russians

[5] More than 110 bcm of gas per year.

restarted full gas flow and on January 4 a new gas deal was reached with Ukraine. The deal was everything but satisfactory and just, and did not reflect the interests of Ukraine, Europe or Russia, but rather the interests of corrupt wealthy individuals (Elkind 2010:134). Without confirming whether the deal was a stable solution to a conflict that could endanger European energy security again, EU sighed in relief.

4.2.2 The Green Paper

Two months after the gas crisis, the Commission published the *Green Paper: A European Strategy for Sustainable, Competitive and Secure Energy*, in March 2006. The Commission demanded that Europe acts urgently as innovations in the energy sector takes many years, and with options and suggestions put forward in the paper, the Commission tried to create the basis for a new comprehensive energy policy. In order to address the challenges, six key areas were identified where action were deemed necessary. One of the key areas is a coherent external energy policy in order to

> "enable Europe to play a more effective international role in tackling common problems with energy partners worldwide. A coherent external policy is essential to deliver sustainable, competitive and secure energy. It would be a break from the past, and show Member States' commitment to common solutions to shared problems." (COM2006:14).

Furthermore, the Paper defined the instruments and aims of an external energy policy as (COM2006:15-17):

- A clear policy on securing and diversifying energy supplies.
- Energy partnerships with producers, transit countries and other international actors:
    a) Dialogue with major energy producers/supppliers.
    b) Developing a pan-European Community.
- Reacting effectively to external crisis situations.
- Integrating energy into other policies with an external dimension.
- Energy to promote development.

The launch of the Green Paper illustrates how the crisis evoke the attention of European politicans who took an important step forward in ascertainening that EU lacks a common energy policy, why this is problematic and how it could be solved. It was stated that European energy policy would have sustainability, competitiveness and security of supply as its three main objectives, of which the latter would not be possible without a common external energy policy (COM2006:18-19).

4.2.3 The 2009 Gas Crisis

The declared ambitions after the Orange Revolution went nowhere and the domestic Ukrainian gas sector remained unreformed. In 2008, despite a memorandum of understanding for more durable and widely accepted provisions of gas sales-purchase and transit, Ukraine and Russia failed to reach an agreement on the sales-purchase price (Elkind 2010:135). The dispute escalated and at the end of December 2008, after months of unsuccessful negotiations, Russia decided to cut off all gas flows to Ukraine and downstream European consumers. In contrast to the gas crisis of 2006 where the gas flow was only reduced, Russia carried out a complete gas cut-off this time. This resulted in thousands of suffering households in Ukraine, Bulgaria, Romania and the Balkans, among others (Pirani et al. 2009:19). Southeast Europe was affected by far the most in Europe, in particular member states Romania, Bulgaria and Croatia. In fact, during the second week of the crisis, the gas cut-offs entailed significant humanitarian consequences for the Balkans (Pirani et al. 2009:53,55). EU officials initially kept a low profile and then made clear that they did not blame either side (although pressuring primarily Gazprom for a solution) for the crisis but both needed simply to solve the conflict before a humanitarian disaster emerged (Pirani et al 2009:24). Finally, Ukraine and Russia signed a pair of agreements on sales-purchases and transit of gas, putting and end to three weeks of crisis. The agreements did not, however, resolve the underlying issues of Russo-Ukrainian gas relation and many claim that instability will likely return within near future (Elkind 2010:135).

The recurring Russo-Ukrainian gas crisis reflects the way Russia has exploited consumer states' energy needs as a tool of state power. It also signals how Russia's energy policy is characterised by the ease to sometimes manipulate other states' vulnerability in energy security, in excess of just ensuring its own domestic energy security. In fact, this is something that Russian officials have made no secret of. Russia has linked energy issues to its broader foreign policy objectives and Gazprom even publicly released its policy including the political aspects of the company's decisions on prices. According to Kremlin spokesman Dmitry Peskov, a neighbour that aspires for membership in NATO would be viewed as disloyal, and disloyal neighbours simply have to bear a jump to higher energy prices (Elkind 2010:136-137). One could point out that there is a difference between Gazprom and the Russian government. Indeed, but the latter has a significant interest and control over the company, and all major personnel appointments are approved and appointed by the state. Gazprom could therefore easily be viewed as a political and economic arm of the Russian government, which the gas crisis of 2009 demonstrated since Putin was giving strategic directions to the company (Pirani et el. 2009:31).

Just like in 2006, little was said publicly by Gazprom, sticking to the commercial argument for a higher price. Nevertheless, it was accused of using energy as a political weapon against the Orange Revolution and Ukraine's ruling government that Moscow did not wish to see in power (Pirani 2009:31). It is not surprising that the actions of the Russian government were interpreted negatively

from the European side, since the way it handled the gas crisis indicate that for the Russians it was a higher priority to pursue its dispute with Ukraine (and in a sense punish it) than to ensure the maintenance of gas supplies to European customers that should be in the commercial interest of Gazprom. Moreover, this implied that Russia had decreased its dependence on European energy consumers sufficiently to be able to dictate many conditions on them. The position of Russia relative to Europe is stronger on the gas issue and will most probably remain this way unless EU changes the energy balance by developing alternative supplies (Tsereteli 2008:14).

In the 2006 gas crisis EU officials were criticized for not being prepared and keeping silent and merely welcoming the rerun of gas after the end of crisis. But this time Brussels wanted to show its reaction and that the EU was ready to act. Initially, the Commission just observed the course of events and did not intervene until the European customers were affected (Pirani et al. 2009:46). Overall, it played a minor role in the dispute settlement and it was rather European gas and utility companies that played a more active role. The European companies, with the support of national governments, stressed for greater efforts from Gazprom's side for a resolution. The Commission did not have enough technical capability or needs to rely on the industry for monitoring ability, but above all, it did not have the sufficient political credibility or political leverage with either Russia or Ukraine (Pirani et al. 2009:46-49). Despite the statements from Barroso, the Commission failed to make a tangible demonstration of its ability to act in an energy security crisis. The usefulness of the energy strategy documents could thus be questioned. Many experts had tried to warn about the risks of Europe's growing dependency on Russian gas but these attempts had been disregarded. The EU has thereby been criticised of pursuing merely reactive policies such as the above-mentioned emergency-type scenarios (Tsereteli 2008:14) and has only recently realised that it needs a new proactive strategy.

4.2.4 The implications of the gas crises on European energy security

The consequences of the gas crises are more far reaching than just gas cut-offs. They demonstrated and reaffirmed the vulnerability of Europe as highly import-dependent on Russian gas and the need to diversify sources of supply and routes away from a single provider (Tsereteli 2008:14). In line with Keohane and Nye's argument, the gas crises demonstrated the sensitivity aspect of interdependence, but above all the vulnerability aspect of it. Accordingly, the EU would as an actor facing high costs imposed by Russia, be expected to change its policy in order to reduce these costs. The EU would also be expected to alter the rules that have put it on a disadvantageous situation by using counterstrategies in attempting to reduce its vulnerability. The Russo-Ukrainian relationship in particular, illustrates the concept of asymmetrical interdependence. Russia and Ukraine have an interdependent energy relationship but since it is an asymmetrical interdependence in advantage of the former, Russia can easily "punish" Ukraine by using the gas weapon. This in turn affects the EU member states being the

vulnerable downstream countries. In this light it is expected of EU to prioritize projects that diversify away from Russian transit routes passing Ukraine.

Another consequence of the gas crises is the damaged reputation of Gazprom and its reliability of supply. This is not necessarily because of ideological reasons of always blaming the Russians but simply since most of the "ordinary" European citizens will not seek to understand the legal and commercial arguments about whose fault the crisis was (Pirani et al. 2009:57). Blaming solely Gazprom or not, it became evident that Russia is not a reliable supplier and Ukraine is not a secure transit country, and thereby European politicians learned the lesson that EU must look for alternative pipelines and sources of supply.

Notwithstanding, it needs to be remembered that the crises did not change the fact that many EU member states still have long-term contracts and obligations, mostly stretching 15-25 years into the future, to import gas from Gazprom (Pirani et al. 2009:59). So regardless the impaired reputation of Gazprom, Russia will still have a prominent role as the main supplier of gas to Europe, and the current level of European dependence on Russian gas will therefore continue. However, when the contracts between Gazprom and the European energy companies run out in the future, the latter will have the option of which sources of gas supply to choose and one could then expect that the choices will be non-Russian gas supplying EU via non-Russian pipelines. Thus, over the next few years, EU officials can do little in terms of a complete turnabout from Russian gas, but one ought not to underestimate the effects events such as the 2009 gas crisis have on future choices of European energy companies and politicians. In this light, it is rather comprehensible that ever since 2009, the EU has stressed the need of coordinated measures and increased cooperation in European energy matters. If Russian gas supplies have been cut off once, there is always the risk of the same happening again.

4.3 Cooperating to ensure Energy Security

The lack of a common energy policy has not prevented the EU from carrying out a number of external energy measures and actions. The needs to address the issue of European energy security and the problems related to security of supply have encouraged the Commission to intervene in these matters. This section elaborates some of the most significant instruments used and policies pursued by the EU in external energy matters.

4.3.1 The Energy Charter Treaty

The Energy Charter Treaty (ECT) is a tool for energy dialogue and a framework for cooperation between producers and consumers. The Treaty could be seen as EU's contribution to regulate the energy relations in and outside Europe, and it

serves to strengthen the EU's security of supply by laying the foundations of a transparent framework (Sodupe – Benito 2001:172).

The end of the Cold War opened up for opportunities to overcome economic divisions and incorporate the major supplier Russia into a rules-based energy framework (Florini 2010:165). In 1991, a number of European countries signed the Energy Charter with the aim of promoting cooperation on energy issues. This lead to the signing of the Energy Charter Treaty in Lisbon in 1994 and its ratification by thirty members four years later. With the idea that multilateral rules, rather than bilateral agreements, can better provide a more efficient framework for international cooperation, the ECT is intended to play a significant role in building a legal foundation for energy security. The basic principles are open, competitive markets and sustainable development, and the main purpose of the Charter is strengthening rule of law on energy issues and decreasing the risks involved in investment and trade in energy (Energy Charter Secretariat 1). The ECT is legally binding and the sole agreement in the energy sector that deals with intergovernmental cooperation. It covers the whole value chain from exploration to end-use of energy, including all products and related equipments (Energy Charter Secretariat 2). Today the Treaty has fifty-three members and some actors with observer status such as China, US, Iran, OECD and IEA (Florini 2010:165). Starting off as a European project, the ECT has a global scope today with the main goal of enhancing energy security by stabilizing markets.

The ECT consists of four pillars: the protection of foreign energy investments, energy trade and freedom of transit through pipelines and grids, dispute resolution and the promotion of energy efficiency (Energy Charter Secretariat 2). The main issue that has proven to be problematic is transit, in particular for Russia. Already in 1998, a number of producer states and transit countries in Eurasia raised the issue that commercial pipeline projects required the creation of an attractive political, financial, technical and legal environment since pipelines cross borders. This in turn would require an intergovernmental agreement. Moscow did not accept provisions allowing non-Russian companies to use Russian pipelines for shipping the gas they buy in Central Asia to Europe. Normally they would have to sell it to Russia that then would transfer the gas to Europe. In 2006, Russia clarified that it would not ratify the ECT since it wanted to remain the control of its pipelines (Florini 2010:166-167).

For the EU the ECT has been central for integrating "East", and the Europeans have tried to convince the Russians as well by recalling the comparative advantages and substantial economic gains that can be obtained through trade between energy-rich and energy-poor economies (Bromley 2009:245). But Russia shows no interest. It should be mentioned here that Moscow has embraced an ideology of "sovereign democracy", a concept that might be helpful in understanding Russia's energy policy. The Russians have emphasised sovereignty in terms of the state's freedom and independence from external influences. Hence, state sovereignty has primarily involved controlling strategic sectors of the economy, of which energy resources are crucial (Morales 2008:27). The true ownership over energy resources must be in the hands of the state according to Putin, even though the private companies are responsible for some kind of

guardianship. Gas is considered to be a guarantee of Russia's economic security and should therefore not be left to the vims of the free market (Morales 2008:28). This explains perhaps why Russia is unwilling to ratify the Treaty.

The difficulties over the ECT illustrate how hard-fought the Russians can be in energy issues. The Europeans have realised that incorporating Russia into a rules-based energy market system is harder than imagined. Russia's behaviour and actions within the energy sector can certainly give it a negative image of not being particularly collaborative - quite the contrary. But despite the failure of getting Russia to ratify the Treaty, the drafting of the ECT is one of the most far-reaching measures that the EU has adopted in the energy field (Sodupe – Beneti 2001:166). It illustrates how European countries have tried to overcome energy security challenges by creating some kind of international energy regim with an established framework of rules and energy codes. This could be drawn on the liberal thoughts on how collective actions can overcome security problems and how regimes enable and foster cooperation. The ECT is an instrument by which EU tries to promote its principles as well as enforce its energy partnerships with key producer and transit countries. It is considered to be one of the main actions in "Strenghtening the external dimension of the EU energy market", which is one of the five priorities presented in the Commission's Energy 2020 strategy paper (European Commission 2010a:19). The future developments of ECT are important since the Charter is viewed as central also in the endeavour of the Commission to speak with a "single voice" on the international stage (Bromley 2009:238). Lastly, the ECT acquires its importance in that; the driving forward of international agreements is a way of stepping up the coordination between EU and the member states in international energy matters.

4.3.2 The ENP as an instrument of external energy policy

Developments in EU's close neighbourhood often determine the agenda of its external policies. In the past decades the EU has been required to react to the economic globalization and to the developments of the end of the Cold War, directly affecting EU's neighbourhood (Hix 2005:396). This have in turn opened up for opportunities for the energy policy of the Union since many of the former Soviet republics that are resource-rich countries now have become important actors of the international energy arena.

Energy is the most prominent area where the interdependence of EU and its neighbourhood is evident. The enhancement of strategic energy partnerships is an important element of the European Neighbourhood Policy (ENP) and the ENP in turn is an important element for European energy security since many of the involved countries play a vital role either as suppliers or as transit countries (Bengtsson 2010:48). Sixteen of EU's closest neighbours, including Azerbaijan, Georgia and Ukraine, are involved in the framework by which EU aims to extend stability, security and prosperity to its adjacent countries. The EU has with each partner country negotiated a number of Action plans that cover political dialogue, economic and social reform, and trade among others (European Commission

2010b). Energy is also covered in these Action plans and in the case of resource-rich countries like Azerbaijan; it occupies a significant part of the partner relationship.

By transmitting the EU acquis on these partner countries and offer them economic integration with the Union, the EU has created a "ring of friends" (Avery 2008:194). Many of these friends happen to have a lot of energy resources or/and possess a geostrategic location. The ENP is meant to stabilise the neighbouring countries of the EU by spreading the European values and promise long-term benefits while demanding political and socio-economic reforms. Nonetheless, it seems like insisting on reforms is not always EU's main priority of the partnership programs, but rather that both parties gain something and can benefit of each other. An illustrative example is how Azerbaijan and EU are getting along pretty well. When Barroso was in Baku in January 2011, he signed a Joint Declaration on gas delivery for Europe with Azerbaijan's President Ilham Aliyev. The deal expected to bring 10 bcm of Azeri gas to EU each year, and in return Barroso promised it would be easier for the Azeris to travel to the EU in the future (Euractiv 2011). Lady Ashton confirmed this later on, by announcing that Visa Facilitation and Readmission Agreements would be negotiated with the countries of the Eastern Partnership in the near future. Ashton describes the Eastern Partnerships as built on "the shared commitment to the principles of democracy, respect for human rights and fundamental freedoms, and the rule of law" (Ashton 2009). One cannot really claim that these principles are actually shared with these Eastern countries, but what appears to matter is that these partners have something to offer the EU.

The past decade, the EU has tried to enhance energy security within the framework of ENP by intensifying bilateral policy dialogues like signing Memoranda of Understanding (MoU) with Azerbaijan and Ukraine, but also by taking regional multi-country level energy initiatives such as the Black Sea and Caspian Sea initiative (Niewiem 2008:269). Russia has however rejected the offer of being part of the ENP since it considers itself as a "strategic partner". Moreover, Moscow views the ENP with suspicion since EU is consorting with countries that Russia finds to historically be part of its near abroad (Avery 2008:195). The relations between Russia and the ENP states are often very close but complex where the latter is often in a sensitive situation, being stuck in between Brussels' interests and of Moscow's (Niewiem 2008:281).

The ENP exemplifies EU means of ensuring security of supply in building strategic partnerships with third countries. It also indicates how EU seeks to integrate energy security issues in its external relations. It is now time to look at other external energy measures of the EU, that aim to ensure security of supply but that most importantly lead to increased cooperation within the EU as well as with third party.

4.4 Diversification of supplies and routes

"Happiness is multiple pipelines" - as Heydar Aliyev, the former President of Azerbaijan famously said (quoted in Paul – Rzayeva 2011). The geopolitical importance of transfer routes have amplified due to the tightening of global energy markets. There are several on-going EU pipeline projects that are meant to diversify the supply and routes of gas to Europe; some are already operational, some are under construction and others are still on the drawing board. These projects aim to enhance European energy security in decreasing the dependency on Russian gas. But they are also means of strengthening the geopolitical security and influence of the EU by increasing the cooperation with other energy producers. Thus, the subsequent section will look into some of the projects that support EU's energy diversification plan.

4.4.1 BTC & BTE

The Baku-Tbilisi-Ceyhan oil pipeline (BTC) opened in May 2005 and connects Azerbaijan's offshore oil field to Turkey's Mediterranean coast via Georgia. Russia is not a participant and was in fact opposed to the project from the very outset. The strategic importance of the pipeline lies in that it potentially cuts into energy markets that otherwise could have gone through Russian territory (Niewiem 2008:276; Tsetereli 2008:33-34). Besides it demonstrates that energy resources from the Caspian can be delivered to Europe through alternative routes. With the completion of this pipeline, Russia lost its monopoly over West-Caspian oil so now Moscow's main priority is to ensure continued monopoly over East-Caspian oil and gas from both the East and West-Caspian shores (Cornell 2008:307).

Pendant to the BTC pipeline is the parallel Baku-Tbilisi-Erzurum pipeline (BTE), also known as the South Caucasus pipeline that since the end of 2006 delivers Azeri natural gas from the Shah Deniz field to Turkey via Georgian territory (Niewiem 2008:276). The pipeline is part of the development of the energy corridor providing oil and gas for EU markets by connecting the Caspian Sea coast to Eastern Mediterranean (Alieva 2009:1).

The BTC and BTE are important to mention in the context of EU's diversification plans because these are two of the most important energy transport routes that already exist. Moreover, they serve as paragon pipelines in EU's endeavour to diversify away from a single energy provider by turning towards the Caspian region and cooperate with non-Russian suppliers. The BTE has set an example for the other planned gas pipelines, which the sections below will discuss.

4.4.2 The Southern Corridor Strategy

The idea of linking national energy networks and regions with a modern infrastructure emerged already at the end of 1980s, comprising *inter alia* a number of gas projects with the objectives of effective operation of the internal market, the strengthening of economic and social cohesion and reinforcing the security of energy supply. Later on, in 1997 and 1999 the list of projects were revised to include the connection of Europe to Central Asia by a southern route (Marquina 2008:56). The Commission has identified several gas corridors between the EU and its neighbours, which play a fundamental role for the energy supply of Europe. Together these pipelines constitute the Southern Corridor Strategy, which is the framework for connecting the Wider Black Sea area to the EU markets. If these pipeline projects were to be realised, the natural gas supply capacity to the EU would increase significantly, and perhaps ease the concerns about scarcity, diversification and uncertainties with Russia.

The Southern Corridor's range involves Azerbaijan, Georgia, Turkey and Ukraine and includes the Caspian Sea and the Black Sea. In extending to the other side of the Caspian Sea, namely Turkmenistan, Central Asia will be connected too and thus the possibility of Central Asian gas reaching Europe (Socor 2009). The creation of Caspian Development Corporation is another EU initiative that intends to accompany the Southern Corridor by aggregating and presenting European gas purchase offers to Central Asian producers (Socor 2009). The world of pipelines is very perplexed and can be quite confusing. The planned or just initiated pipelines are, however, always connected some how to existing infrastructure. In the case of EU's pipeline projects included in the Southern Corridor, they are all interrelated and supposed to be concurrently developed as part of a one big plan (ekemeuroenergy 2010).

The Southern Corridor includes a number of transit networks of which the largest and the most prioritised by EU is the flagship project Nabucco, born in 2002. Compared to other infrastructure, this is a mammoth pipeline with a capacity of approximately 30 bcm of gas per year, and would bring Azeri gas from the Caspian to the Austrian Baumgarten via Turkey, Bulgaria and Romania (Marquina 2008:57-58). Not unlike the previous alternative routes BTC and BTE, Nabucco has been full of controversies. It is a geopolitically significant route that will bypass Russia, which is why national politicians initially were cautious and argued that there were political risks associated with the project. Furthermore, Nabucco had a hard time getting the support of all European Institutions to begin with, mainly due to the bilateral energy relations between Gazprom and influential member states like Germany and France (Alieva 2009:2-3). Though, the two Russo-Ukrainian gas crises must have convinced them that Nabucco could be valuable and it spurred EU to proceed with the project.

Azerbaijan plays an important role in this project and has enough gas to fill the pipeline at the first stage. But the complexity of transit issues and difficulties in coordinating investments in infrastructure and production has delayed the construction of Nabucco to 2013 and gas will be delivered in 2017 at the earliest (Marquina 2008:57). So with the problems surrounding Nabucco, Baku is not

wasting its time but - without rejecting Nabucco - looking for other potential consumers, such as Greece, Italy, Turkey and Russia. In fact, Azerbaijan finds it more beneficial to sell its gas through existing pipelines or those under construction, rather than to invest in an expensive new pipeline that is far from completion. In addition, Baku regards the financing of Nabucco as a European affair since it is EU that has promoted the project but ironically enough, been hesitant to pay for it (Alieva 2009:3).

4.4.3 Nabucco versus South Stream

It is not a secret that Russia has sought to counter every attempt from EU's side to diversify gas supplies or routes. The initiatives and actions of Russia in the energy field are indicating that it intends to eradicate or at least delay all the energy projects that could potentially weaken Russia's export dominance. To give an illustration it should be noted that at the end of 2009 (after the gas crisis), Directorate-General for Energy and Transport completed a report on all EU member states' energy exposure to supply disruptions. The emphasis was on the countries in the Baltic region and the report recommended more funding for interconnectors and more work to be done on LNG[6] receiving plants and nuclear reactors to bring greater energy security to East Central Europe. Appropriately enough, Russia now has expressed the interest of building used-fuel storage and new nuclear plants in the Baltic States (Smith 2010:3). Moreover, Russia attempts to undermine the planned EU-pipelines by using its famous "divide-and-conquer" strategy, i.e. to launch its own projects and then try to win certain EU member states' support for them so the EU projects loose vigour and support. For instance, Russia started to construct the Blue Stream (joint venture of Gazprom and the Italian ENI) with the purpose of blocking the TCP (Marquina 2008:62). But the most controversial example is how Gazprom has tried to win acceptance and support within EU for its two flagship pipeline projects – Nord Stream and South Stream.

In 2008, Gazprom and the Italian energy company ENI signed a memorandum on the construction of South Stream, a gas pipeline that would link Russia to Bulgaria by running through the Black Sea (Morales 2008:30). Besides Russia and Italy, Bulgaria, Hungary and Greece also announced their participation so South Stream would thus bypass the transit countries Ukraine and Turkey. This move by Gazprom provoked the Nabucco supporters considering South Stream to be a rival to Europe's similar project. Not only did it upset EU officials but also Turkey for whom it was obvious that Russia was seeking to monopolize gas exports (Marquina 2008:63). But most importantly, South Stream illustrates that the EU member states are very divided; some supporting Russian initiatives while others go along with EU's projects. The European countries supporting South Stream are, as members of the EU, obliged to support Nabucco. Oddly enough,

[6] Liquefied natural gas.

Bulgaria is even a member of the Nabucco project, yet it gives its support to South Stream. Sometimes the interests of the private or state owned companies, leading the various pipeline projects, do not coincide with the interests of the EU or the Caspian countries. There are parties that are not so keen on opening up for Caspian gas to Europe. Therefore the implementation of the Southern Corridor Strategy is constantly hampered and its various pipeline projects discriminated against (ekemeuroenergy 2010).

Sometimes, it is even hard to tell what EU actually wants. In fact, on March 2, 2010, the German commissioner for energy Gunther Oettinger announced for the first time that he and the Commission were open towards South Stream and would support it as long as "it meets the technical requirements for security" (quoted in Pop 2010). The underlying logic was that the Gazprom project would increase the capacity and set up a new infrastructure for gas imports to Europe. New infrastructure was needed and could prevent a repeat of the 2009 gas crisis, if the alternative routes went via the Black Sea and not through Ukraine. This is a common view among German energy experts, asserting that bypassing Ukraine would bring greater energy security (Pop 2010).

The announcement by Oettinger was quite surprising since until then the Commission had neither opposed nor backed the construction. For the Nabucco supporters, and especially for those member states working hard to develop pipelines delivering non-Russian gas, the Commission's new stance was disturbing. However, some scholars and experts suspect this is a political move from EU's side to calm Russia and meanwhile discretely work on non-Russian gas pipeline projects (Smith 2010:4). Because strangely enough, at the same time that Oettinger gave his support to South Stream he also announced that the Commission would help funding pipelines within the Southern Corridor project. There will not be enough gas demand or finance to fill up both South Stream *and* all the pipelines that have been proposed for carrying gas to Europe (Smith 2010:4-5). Besides, supporting both is rather incongruous since the South Stream pipeline implies non-Russian supply routes but yet delivering Russian gas, whereas Nabucco (and all the other projects of the Southern Corridor) imply non-Russian gas via non-Russian supply routes.

After the 2009 gas crisis the support for projects involving diversification of transits to bring Russian gas to Europe, without going through Ukraine, increased. It also increased the determination of Russia to build North Stream and South Stream in order to have supply routes other than Ukrainian ones, and thus to reduce its transit dependence on Ukraine (Pirani et al. 2009:57,63). This indicates that nobody wants to put all his eggs in one basket. Irrespective of blaming Ukraine or not in the conflict of the 2009 gas crisis, diversification of supply routes, away from Ukraine, was the only achievable thing in the near future so as to prevent another cut-off because of the unstable Russia-Ukraine energy relations. This is simply because little can be achieved in terms of a complete diversification away from Russian supply, due to the long-term contracts European companies have with Gazprom (Pirani et al. 2009:63). Yet, if Russian decision-making and the way it acted in the 2009 gas conflict are judged to be the major problem, then diversifying supply routes away from Ukraine will not be

sufficient. According to experts, this seems to be the case for many European officials. They prefer, more likely than European energy companies, to place the emphasis on diversification of supply - implicitly away from Russian gas - rather than routes (Pirani et al. 2009:63).

4.4.4 Trans-Caspian gas Pipeline

In autumn 2011, the Commission received the green light from the EC to negotiate with Azerbaijan and Turkmenistan on the establishment of a legal framework for the construction of the TCP. This Caspian submarine pipeline would bring Turkmen gas to Azerbaijan and then be transported further on to Europe by using Nabucco or other existing non-Russian infrastructure. It is an important project for the implementation of the Southern Corridor Strategy (Paul – Rzayeva 2011) and is another example of a diversification project by which EU aims to bypass Russia, both in terms of routes and supplies, and thus to decrease its gas dependence on a single provider.

Nevertheless, the TCP is far from realization because of numerous problems and obstacles. The idea of any trans-Caspian supplies to Europe upsets the Russians that view EU's ongoing projects as attempts to meddle in Russia's backyard. Both Iran and Russia claim that this is an aggressive EU-initiative ignoring the legal status of the Caspian, and that a final agreement among all Caspian littoral states is indispensible before constructing any pipeline (Paul – Rzayeva 2011). The dispute over the Caspian's status does not seem to be settled anytime soon and will until then be a thorn in the flesh for the TCP supporters. Depending on how the legal status is interpreted, different rules are to be applied. According to the provisions in the United Nations Convention on the Law of the Sea (UNCLOS), the development rights of the resources in the Caspian would be divided into five national sectors. This means that each littoral state would have a sector that extends from its coastline to a point/line that is equidistant between all five of them (Janusz 2008:296-297). The five littoral states have conflicting interpretations of the legal status. Azerbaijan, Kazakhstan and Turkmenistan claim that the Caspian is a sea so it could fall under the jurisdiction of UNCLOS. Whereas Iran and Russia insist that the Caspian is a lake and thereby not subject to the international law of UNCLOS but rather to the 1921 and 1940 Soviet-Iranian treaties (Klare 2001:99). Curiously enough, the absence of border agreements among littoral states in the North Stream have however not hindered Russia to lay pipelines in the past (Paul – Rzayeva 2011), so it is not really a strong argument for the Russians to use against the TCP.

As mentioned earlier, it is not uncommon by Russia to undertake countermeasures on EU's diversification projects. Besides claiming that a trans-Caspian pipeline would be unlawful, Moscow has started to use scare tactics and hinted with the use of force (directly against Turkmenistan and indirectly against Azerbaijan) by warning that a Caspian version of the 2008 Russia-Georgia war would not be unlikely (Blank 2012). Russia is not even pretending to hide its threats, rather the contrary. Medvedev has actually acknowledged that one of the

political purposes of the Georgia invasion in 2008 was to block the country's rapprochements towards NATO (Socor 2011). So he seems to be up front with the fact that Moscow does not hesitate to use force against neighbours for reaching its political objectives.

For Azerbaijan this is a delicate situation. On one hand, the TCP would boost Azerbaijan's role as an international energy actor and be a reminder to Russia that it can no longer pursue its imperial domination of the Caspian states by bullying them into supporting the Russian monopolies like before. On the other hand Azerbaijan must, as a small country located between two regional powers, be cautious to not be a victim of gunboat diplomacy by Moscow and Tehran. Azerbaijan has ever since its independence sought to maintain a balance between the West, Russia and Iran so a confrontation with Moscow is something Baku tries to avoid. Moreover, upsetting Moscow could have negative consequences for the resolution of the Nagorno-Karabakh conflict. Russia is Armenia's closest ally in the region and could easily freeze and obstruct the peace negotiations between Baku and Yerevan to the latter's advantage (Paul – Rzayeva 2011).

Besides the major problems described above, there are still many other issues like routes, financing and ownership remaining to be solved before any concrete action can be taken on really commencing the pipeline project. Thereto, Ashgabat and Baku have their own issues in between, so Brussels has to wait for them to sign an agreement (Asia Times 2012). Given the repeated threats against Ashgabat it is also possible that Turkmenistan decides to not go forward with the TCP project. The EU has to acknowledge the realities of geopolitics, namely that Iran and Russia will obstruct the TCP in every way they can in order to protect their national interests. Azerbaijan and Turkmenistan will expect assurance from EU for the possible retaliations by Iran and Russia (Asia Times 2012) and it is doubtable whether Brussels is willing or capable to provide such security guarantees.

Despite all the abovementioned implications, the Council decision approving the Commission to negotiate the project raises interest and curiosity. The Commission could gladely announce that the TCP was "the first operational decision as part of a co-ordinated and united external energy strategy" (European Commission 2011a). Furthermore, it corresponds with the Commission's proposals in *The EU Energy Policy: Engaging with Partners beyond Our Border*. This Communication on security of energy supply and international cooperation was adopted in September 2011 and states that the opening of the Southern Corridor is a matter of urgency in the necessity of diversifying gas supply and routes (European Commission 2011b:6). Whatever the future holds for the TCP, the important thing is that the project is an attempt to actualize and implement the visions stated in the Communication, namely that:

> A coherent, dynamic and pro-active external energy policy is vital to enable the EU and its Member States to establish a lead position in energy geopolitics, to effectively promote both EU and national energy interests beyond EU's borders, and to contribute to the competitiveness of the European industry. (European Commission 2011b:18)

The fact that all three EU institutions (the Commission, the European Parliament and the Council) stand behind the project, suggests that EU negotiates with Azerbaijan and Turkmenistan as *one* actor. This is an important step forward in the desired goal of strengthening EU's voice in energy matters vis-à-vis third countries. If the project can be pulled off, it would not only benefit European consumers and Caspian suppliers but also perturb Russia's influence as energy hegemony in the region. The TCP is thereby a key to European energy security, to EU's energy diversification goals and to attain the goal of increased geostrategic security and influence.

4.5 The geopolitical aspect of energy security

In *An Energy Policy for Europe* the Commission recognised energy security as a key element of EU's geopolitical security (European Commission 2007). But increased influence in geopolitics can in turn assure a greater energy security. There are numerous geopolitical aspects that affect European energy security and the following subsections aim to demonstrate what external energy policies and instruments EU is using in order to address the geopolitical challenges as well as opportunities.

4.5.1 The importance of the Wider Black Sea region

Currently, all eyes are riveted on the Wider Black Sea region where there is a significant amount of natural resources. South Caucasus is particularly important with its strategic location between the two seas, comprising the former Soviet republics Armenia, Georgia and Azerbaijan. The latter has a significant amount of natural gas and oil reserves, and the other two acquire their importance as transit states (Niewiem 2008:275). After being a relatively passive actor in South Caucasus (in comparison to the US) the EU started in late 1990s to express a greater interest. The increased interest is partly due to the new member states of East and South Europe for whom the dependency on Russian energy resources are problematic, but also due to the Russian attempts to dominate the South Caucasus region. The further development of gas resources and transit infrastructure of South Caucasus is of high importance for EU that with its geographical proximity and already established infrastructure could be the primary beneficiary of such developments (Tsereteli 2008:66).

The end of the Cold War enabled the redistribution of Caspian resources and the participation of new actors like Azerbaijan, Turkmenistan and Kazakhstan in gas field developments. Today these countries are protecting and controlling their pipelines and national interest vis-à-vis the two regional powers Russia and Iran (Alieva 2009:1). The post-Cold War condition has also benefited the EU that now has a potential role to play in the wider Black Sea region and is thus trying to

encourage the energy competition by increasing its cooperation with the new actors. EU has showed its willingness to step up its political and economic presence in the region by signing Partnership and Cooperation Agreements with all Central Asian countries (Marquina 2008:59) and signing MoUs with e.g. Azerbaijan. This MoU aims to gradually harmonise Azerbaijan into the energy acquis of the EU and has the goal of ensuring supplies from Azerbaijan's Caspian resources to the European markets (Niewiem 2008:278). Being at the heart of many of EU's diversification projects (e.g. BTC, BTE and TCP), Azerbaijan has become an important partner to the EU. With the discovery of the Shah Deniz gas field, Azerbaijan currently has the most developed non-Russian natural gas sources that could be delivered to Europe. This obviously increases the country's role and geostrategic importance (Paul – Rzayeva 2011).

The way EU is tying close links and bilateral agreements with the countries in the region, reveals their significance as energy partners and illustrates what kind of instruments EU is using in order to assure energy security and to reach its diversification objectives. The institutional framework of EU's interactions with the wider Black Sea region might also serve other interests, such as balancing against Russia's influence and to undermine its role as an energy super power.

4.5.2 Balancing the regional energy hegemon

Economization of international security affairs is a term meaning that countries assign greater strategic significance to economic and resource concerns today (Klare 2001:10). This is demonstrated by the way both EU and Russia have extended their interests and reach into the gas resources of the Caspian region. Russia has sought to capitalize on energy as the foremost instrument for enhancing its influence over neighbouring states (Cornell 2008:305). So when EU increases its presence among neighbours, it is worrying Moscow seeing that it might abate its authority over former Soviet republics. Moscow's foreign policy (in this context viewed as a symbiosis between the government and Gazprom) has been characterized by the main objective of securing continued monopoly over the energy supplies, exports and transit from the former Soviet republics to European consumers. Moreover, Russia has in an artful manner been able to keep low prices for acquiring Central Asian gas while selling it for much higher prices in European markets. And for the former Soviet states that are not energy producers, Russia has oppressed them by using its monopoly on energy deliveries as a political tool. To give an example; Kazakhstan has been prohibited to use Russian infrastructure for delivering its oil to the Baltic States (Cornell 2008:306).

Energy security involves the aspect of the political risk in the supplying countries, i.e. that importing countries can lower the geostrategic risks by diversifying in favour of consumer states that are politically more stable. This is why European countries have tried to reduce their dependence on politically difficult OPEC and diversified their energy imports in favour of gas from the Caspian region that is relatively more secure and stable (Gupta 2008:215). Yet, Georgia and Azerbaijan are both countries in which there has been and still are

conflicts, but are nonetheless considered to be important countries from an energy security point of view. In fact, these two are typical examples of relatively weak states to which Europe is turning in order to decrease its dependency on Russian resources (Patrick 2011:179-180,182). It seems like the risks to rely on energy imports from weak states might be worth it if the result is diversifying sources away from Russia. Besides, increasing the cooperation with former Soviet republics is also a way of balancing against Russia. EU's increased presence in the Wider Black Sea region could be viewed in the light of Walt's ideas, i.e. bandwagoning in order to balance a threat. It is in EU's interest as much as the Caspian states' to counterbalance Russia's influential role while increasing their own. One should bear in mind that the US has helped EU in this endeavour by exploring and promoting alternatives pathways for energy imports to Europe (Patrick 2011:181). The Americans have also invested in many of the European projects such as the BTC. Preventing Russian domination over energy supply is thus something that has been in Washington's interest as well (Tsetereli 2008:25).

4.5.3 Geopolitical competition among gas importing states

The section above discussed the geopolitical aspects of energy security, involving the management of energy-relationship states in between, the most important being the relationship between energy consumers and suppliers. However, the relationship between competing consumer states is also interesting, which this section will be dedicated to.

Global demand for energy resources is increasing constantly. The growing demand is foremost explained by the spread of industrialization and increased personal wealth (Klare 2001:15). This involves the introduction of countries that traditionally have had a much lower level of energy demand compared to the Western countries, and the fact that many states now are dependent on the same energy resources spurs geopolitical competition among the major importing states (Gupta 2008:208). This is the case regarding the Caspian region where several countries are competing for gas and struggle to secure potential imports. The EU is consequently facing competition from large countries like China, India and Japan that are increasingly ambitious in the struggle for resources.

In view of a rapid growth rate, growing middle class and an insatiable energy demand, energy security has become a high political issue in China and a matter of national security. Beijing is therefore as concerned as EU, if not more, to secure and ensure the energy supplies responding to its demand (Hwan Lee 2008:166). China is looking for multiple directions and has turned to *inter alia* the Caspian Sea area and Central Asia where it has been quite active the past years (Tsereteli 2008:23). There is already a pipeline since 2008 that transports oil from Kazakhstan to China (Janusz 2008:295) and negotiations are ongoing between Ashgabat and Beijing about supplying Turkmen gas to China. This pipeline was in fact completed in December 2009 and is planned to bring approximately 40 bcm of gas per year. The pipeline begins in Turkmenistan and reaches northwest China via Uzbekistan and Kazakhstan. China made a good move in getting the

first and only foreign company to win access to the vast onshore gas resources of Turkmenistan (Gorst – Dyer 2009).

This is the first pipeline that brings Caspian gas to China and it highlights Beijing's increased importance put on the Central Asian countries and thus the competition is poses to the EU, also wanting the same supply and suppliers. The deal actually blows EU's plans to bring Caspian and Central Asian gas to Europe through the planned Nabucco pipeline, because without winning Turkmen supplies Nabucco's completion will take many years. Experts believe that the Turkmen-China pipeline will absorb any surplus of Turkmen gas so the likelihood of Turkmenistan being part of the Nabucco project is not so high (Gorst – Dyer 2009). This should gladden Russia, considering that it is an adversary of Nabucco. Besides, even though the Turkmen-China deal affects Russia's plans with Turkmenistan, it suits Russian interests since it is preferable that Central Asian gas goes to China than to EU where it would compete with Gazprom on exporting to the European markets (Socor 2011).

The race for resources also involves the aspect of competing for Russian supplies. The EU is Russia's most important trading partner, and the latter is dependent on energy export revenues from Europe for maintaining its economic growth. However, considering the energy-hungry economies like China and Japan, Russia now has alternative markets to turn to. In this sense, the emergence of Asian countries as important energy actors, might negatively affect the energy security of the EU. But, seeing that the development of pipeline networks to Asia would take many years, Russia cannot entirely replace the export to Europe in short term (Morales 2008:29-30) but in a long term this is conceivable and something that EU officials probably are aware of.

The Chinese pipeline deal with Turkmenistan has made EU realise that in the future, European businesses might be losing out to actors like China that have the financial and diplomatic skills to obtain what they want. The new energy geopolitical context has resulted in EU giving energy diplomacy a more significant role and thus rethinking its external energy policy (Meidan 2008:45,49). This is illustrated in the way the Commission integrated consumer states in the call for a coherent external energy policy, in which it included energy partnerships with producer, transit countries *and* "other international actors", and stated that "energy issues are a growing feature of the EU's political dialogues with other major energy consumers (such as the US, China and India), including through multilateral fora like the G8" – (European Commission 2006:15).

5 Conclusions

This thesis has aimed to show that in the efforts to realise the objectives of European energy security, the EU has called for a coherent external energy policy. The increased measures and coordinated actions have thus resulted in a development towards a stronger formulation of common interests and strategies in external energy matters. This in turn is an important step in the way of what, one day, might become a "real" common external energy policy of the EU.

During the course of the study, the paper has demonstrated how external factors such as disruptions of gas, geopolitical competition and the role of Russia have influenced European energy security strategies and the way EU has accentuated its external energy policy. External stimuli have evoked the call for more cooperation and are therefore significant for the development of a common external energy policy. This is partly due to events like the 2006 and 2009 gas crises, which yielded reasons for EU to react and respond to energy ecurity challenges. The gas crisis demonstrated the threats to security of supply and the implications of having a high dependency on Russian gas imports. It made European countries realise that a formulation of a common strategy for European energy security was required. External stimuli is also significant in the sense that the external factors and events create situations and opportunities for EU to form a stronger position on the international energy arena, i.e. to pursue a untied and stronger stance vis-à-vis important energy actors. In doing so, the EU has attempted to show its paces and to balance the influence of Russia as the dominant energy super power.

There is an obvious competition between Russia and EU. An example is how Russia has tried to counter the advancement of European energy diversification by for instance launching its own new projects whenever EU initiates one. The East-West Cold War rivalry appears to not been completely ceased and it seems like the more the competition between them, the more that spurs EU member states to increase their cooperation. This is perhaps because of the ugly tactics of Russia, making it perceived as more threatening and more unreliable as a supplier. The geostrategic importance of the Wider Black Sea region have further put EU and Russia in a competing situation where both want to increase respectively maintain their presence and influence. The very dominance of Russia as a powerful energy actor has in itself been a driving force behind the increased external energy actions of the EU, wanting to increase its control vis-à-vis Russia and make their interdependence more symmetrical.

The EU documents presented in the thesis point out that these were adopted in order to realise the formulated goals of energy security. In fact, with each statement, communication and strategy paper expressing EU's goals, objectives and instrument of energy security, an external energy policy has gradually been

developed. Illustrative examples are *the Green Paper* and *An Energy Policy for Europe*, launched as responses to the gas crises. These are important papers in that they call for coordinated actions and encourage the member states to cooperate in external energy matters. Most of these documents are primarily expressing the ambitions of the Commission, and do perhaps not represent all member states. Like the thesis have illustrated, there is still a dichotomy between the Commission and member states like Germany and France having strong ties to Gazprom. Nevertheless there are communications from the Commission that the Council and the EP have endorsed, which signals that EU member states actually are clearer about what they want to achieve in external energy matters. One striking example is the TCP where the Council gave its approval to the Commission to negotiate with Azerbaijan and Turkmenistan. This could be interpreted as a signal that even the Gazprom-friendly countries like Germany were given incentives after the gas crisis to move towards a more unified external energy policy in order to prevent supply disruptions in the future. Moreover, the TCP is the first operational action as part of the pronounced European energy security strategy, which indicates that we might expect more decisions of this kind in the future. It is a concrete step in the development of increasingly coordinated actions in external energy matters.

Although many of the member states have long-term bilateral deals with Gazprom, the deals do not last forever. The gas crisis clearly demonstrated that Russia is not a reliable partner so the worsened reputation of Gazprom could very well mean that in the future national energy companies will choose other partners to strike deals with. In this sense it lies in everyone's interest to diversify and look into alternatives for Russian supplies. However, the other way around is also a possible scenario. It is not very likely that Russia would stop its supplies entirely to European markets but there is always a possibility that Moscow might decide to stop trading gas with Europe. Then there would be no proper and actual alternative, which is why European officials, realising that one has to be ready for all scenarios, now are emphasising diversification of supplies and routes.

To conclude it should be mentioned that it is important that EU starts to make the most out of the interdependence energy relationship with Russia, even if it is a fairly asymmetrical one. Because what EU has seemed to realise recently, but should have done a long time ago, is the importance of using Russia's reliance on European export revenues to its own advantage. In a way, it has already done that by investing in projects promoting alternative supply and suppliers, which have given the signal that Russia should not take the European consumers for granted. But this means that EU member states need to take an active interest in the development of a common energy policy and right now, that is not always the case. However, all of these developments and initiatives from EU's part represent a progress in addressing European energy security challenges. But above all, they represent a step forward towards a coherent external energy policy so one could claim that the EU is slowly moving forward in what might become a common external energy policy one day.

5.1 Further research

For future research it would be interesting if more studies explored the connection between EU's foreign and security policy, and EU's external energy policy. This thesis did for instance illustrate the nexus between ENP and energy security but it could be further elaborated. Is energy security increasingly incorporated into the external relations of the EU? Will a common external energy policy be an integrated part of the CFSP instead of standing on its own?

Furthermore, when thinking of all the documents in EU's name and all the measures taken in external energy matters, one could ask herself what the status of these are if there is no such thing as a common external energy policy. These documents are not just food-for-thoughts from the Commission - they are strategy papers with the EU's views on energy security and with a stance and concrete proposals for further actions. Yet, no one would say that a common external energy policy exists. It would thereby be interesting for future research to investigate what would be required in order to create an "actual" common external policy. Does it require a proper institutionalization, like the creation of EEA and CFSP, to be able to call it "common"? Or is it simply that the EU member states, through the Council, must have a much greater control of it? It is a pity that far too many studies have been about the lack of a common energy policy, and so far quite a little on what have actually been achieved. Even if there is no common external energy policy, one should not ignore the progress that actually has been made in these matters.

6 Executive Summary

The executive summary is structured according to the disposition of the thesis.

6.1 Purpose and research problem

The thesis looks into the driving forces behind the development of a common external energy policy of the EU. By investigating the challenges to European energy security and what means and instruments the EU is using in order to address these, the study demonstrates how the EU is enhancing the external dimension of its energy policies. The main argument of this thesis is that external events and challenges to energy security spur increased intergovernmental cooperation in external energy matters. The research question is:

- What external factors can account for the development of a common external energy policy of the EU?

6.2 Theoretical framework

The study is based on rational assumptions permeating the theoretical framework in which realist and neoliberal theories are used as complementary tools to give a comprehensive understanding and explanation of intergovernmental cooperation in international politics. It is a theory consuming study in which the case is in focus.

One of the realist theories used is Walt's balance of threat asserting that states cooperate as a strategy of balancing threats posed by the superior resources of other states or coalitions. The other theory within realism is geopolitics that draws attention to the significant role of strategic regions and resource-rich areas. Then the thesis turns to interstate cooperation and international politics according to neoliberalism. Here Keohane and Nye's theory of interdependence is elaborated and their ideas of how asymmetrical interdependence can be a source of power and influence.

6.3 Methodological framework

The research is based on qualitative method encompassing a single case study where the phenomenon of a common external energy policy is explained by the impact of external stimuli. The case in focus will be answered by guiding theoretical concepts such as asymmetrical interdependence, geopolitical competition, and balance of threat. There is a causal relation between these concepts and the case in focus. The existence of these external factors incites increased cooperation in external energy matters. So the more external stimuli, the more we expect the development towards a common external energy policy.

European energy security is defined as security of supply, ensuring reliable and affordable flows of gas. Enhancing European energy security is in this study seen in terms of diversification of supplies, routes and country of origin in order to decrease the import dependency on a single provider.

The research will be conducted based on primary and secondary material. The primary sources account for various EU documents such as communications, strategy papers and statements from EU officials.

6.4 Analysis

6.4.1 EU's dependency on Russian gas – an asymmetrical interdependence

This section demonstrates how EU's high level of dependency on Russian gas can be problematic by exemplifying with the 2006 and 2009 gas crises which both endangered European energy security. The events illustrate how public attention and the political aspects of energy were evoked at a moment of crisis. European officials recognised that EU was not prepared for handling gas disruptions and that the alternatives were almost non-existent. They also realised that Russia was ready to use its dominant position as the main energy supplier as a political tool to influence its neighbours.

Thus, the gas crises demonstrate that the gas relation between EU and Russia is an asymmetrical interdependence in favour of the latter who can use its position of less dependent as a source of power and influence. Hence, the EU realised it had to alter this situation by changing its policy and enhance its energy security strategy. In this endeavour the Commission has concurrently called for a coherent external energy policy where increased cooperation and coordination in energy issues are deemed indispensible for solving shared problems.

Furthermore, the gas crises impaired the reputation of Gazprom and Russia as a reliable gas supplier so the EU has ever since accentuated the need to diversify

away from Russian routes and supplies. This in turn has incited increased cooperation within the EU and with other producer states.

6.4.2 Cooperating to ensure Energy Security

This section elaborates some of the measures EU is using in order to address challenges facing European energy security. It implies that the struggle for resources and ensured security of supply can foster cooperation. The Energy Charter Treaty (ECT) is one of the most important measures EU has adopted in the energy field and is a framework for cooperation and dialogue between producers and consumers, aiming at regulating energy relations within and outside Europe.

Another important instrument of EU to ensure energy security is the European neighbourhood Policy (ENP). The thesis demonstrates that there is a clear nexus between the ENP and energy security. This nexus illustrates how resources can encourage regional cooperation in the sense that producers want to ensure their exports and consumers want to ensure their security of supply. But coordination also increases within the EU since the external energy issues are increasingly integrated in the external relations of the EU. Increased cooperation with third parts has called for increased coordination and a coherent external energy policy has been expressed as vital for raising the negotiation stance vis-à-vis exporting countries.

6.4.3 Diversification of supplies and routes

The section about the pipeline projects exemplifies how EU has tried to achieve the goals of ensuring imports as well as diversifying supplies and routes. By taking concrete actions in the aim of achieving its energy security objectives the EU has actually enhanced its external energy policy. The existence of pipeline projects in the name of EU is a signal of an increased EU presence in the international energy arena. All the measures and actions mentioned are means of formulating a more explicit and extroverted energy policy.

Moreover, these pipelines all circumvent Russia, which indicate that there is an obvious will to decrease the dependency to Russia by diversifying away from its supplies. But the diversification projects are also means of operationalizing the goals of cooperating with the countries in the Wider Caspian Sea region.

6.4.4 The geopolitical aspect of energy security

One of the priorities of EU's external energy policy has been to build up energy relations with countries in the Wider Black Sea region that are either significant gas producers or transit countries. These energy relationships have been enhanced within the ENP framework in which cooperation and integration with and

between the countries in the region have increased. EU has enhanced energy security with bilateral initiatives like Action Plans, MoUs but also multilateral regional initiatives such as Eastern Partnerships. These have in turned enhanced EU's ties with the countries of the Caspian region where EU's increased presence aim to boost its role and influence among the former Soviet countries. This is viewed in line with Walt's arguments of bandwagoning to balance the influence of Russia.

The geopolitical competition with Russia and the increased cooperation with the countries in the region have thus lead to a clearer formulation of EU's external energy policy. The race for resources also involves increased competition among consuming countries. The example of emerging competition from China illustrates how the EU has been reminded that it is important for the EU-27 to be united in order to secure continued supply and to enhance the Union's negotiation stance vis-à-vis the exporting countries.

6.4.5 Conclusions

The thesis has argued that external stimuli are important as a driving force behind the development of a common external energy policy of the EU. External factors like disruptions of supply, geopolitical competition and asymmetrical interdependence with Russia have imposed challenges to European energy security. In order to address these challenges, the EU has worked out a number of strategy papers and documents calling for a coherent external energy policy. EU has also through means of diversification projects and instruments like the ENP and ECT not only enhanced the ties and cooperation with countries in the Wider Black Sea region but also increased coordination of European external energy policies. In developing a stronger formulation of what EU's objectives and instruments of European energy security are, the EU has gradually developed a more expressive external energy policy.

7 References

Alieva, Leila, 2009. "Azerbaijan's gas policy: challenges and dilemmas", *European Union Institute for Security Studies*, Opinion April 2009.

Allison, Graham T. – Zelikow, Philip D., 1999. *Essence of decision: explaining the Cuban missile crisis*. 2 ed. New York: Longman.

Art, Robert J. - Jervis, Robert, 2005. "Anarchy and its Consequences" in Art, Robert J. - Jervis, Robert (eds), *International politics: enduring concepts and contemporary issues* (1-7). 7. ed. New York: Pearson/Longman.

Ashton, Catherine, 2011. "Statement ahead of the Eastern Partnership Summit", SPEECH/11/609. Available at: http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/11/609&format=HTML&aged=0&language=EN&guiLanguage=en. Accessed: 14 May, 2012.

Asia Times, 2012. "Trans-Caspian pipeline remains distant prospect", *Asia Times Online*, 29 March. http://www.atimes.com/atimes/Central_Asia/NC29Ag02.html. Accessed: 10 May, 2012.

Avery, Graham, 2008. "EU Expansion and Wider Europe" in Bomberg, Elisabeth – Peterson, John – Stubb, Alexander (eds) *The European Union: How does it work?* (179-201). New York: Oxford University Press.

Bengtsson, Rikard, 2010. *The EU and the European security order: interfacing security actors*. London: Routledge.

Bergström, Göran - Boréus, Kristina, 2005. "Samhällsvetenskaplig text- och diskursanals" in Bergström, Göran - Boréus, Kristina (eds) *Textens mening och makt: metodbok i samhällsvetenskaplig text- och diskursanalys* (9-43). 2.ed. Lund: Studentlitteratur.

Bjereld, Ulf – Demker, Marie – Hinnfors, Jonas, 2002. *Varför vetenskap?: om vikten av problem och teori i forskningsprocessen.* 2. ed. Lund: Studentlitteratur.

Blank, Stephen, 2012. "Russia ups pressure on Caspian pipeline", *Asia Times Online*, 8 May. http://www.atimes.com/atimes/Central_Asia/NE08Ag01.html. Accessed 10 May, 2012.

Bromley, Simon, 2009. "The European Union: A Player in World Energy Politics?" in Gamble, Andrew - Lane, David (eds). *The European Union and world politics: consensus and division* (235-253). Basingstoke: Palgrave Macmillan.

Cornell, Svante E., 2008. "Europe's Energy Security: The Role of the Black Sea Region" in Petersson, Bo – Törnquist-Plewa (eds) *Energy Security in Europe: proceedings from the conference "Energy Security in Europe", Lund 24-25*

September 2007 (303-319). Lund: Centrum för Europaforskning, Lunds universitet.

Dannreuther, Roland, 2007. *International security: the contemporary agenda*. Cambridge: Polity Press.

Ekemeuroenergy, 2010. "White Stream Prospects Analyzed", *EKEM European Energy Policy Observatory*, http://www.ekemeuroenergy.org/en/index.php?option=com_content&view=article&id=131:white-stream-prospects-analyzed&catid=45:caspian-sea-black-sea-and-south-east-europe&Itemid=69. Accessed May 3, 2012.

Elkind, Jonathan, 2010. "Energy Security: Call for a Broader Agenda" in Pascual, Carlos - Elkind, Jonathan (eds) *Energy security: economics, politics, strategies, and implications* (119-149). Washington, D.C.: Brookings Institution Press.

Energy Charter Secretariat 1, "About the Charter", http://www.encharter.org/index.php?id=7&L=0L%810%8141%A1%E870%810%8141%A1%E8710%810%8141%A1%E870%810%8141%A1%E8728id. Accessed: 17 May, 2012.

Energy Charter Secretariat 2, "1994 Treaty", http://www.encharter.org/index.php?id=28&L=1%2F%2F%2F%2F%2F%2F%2F%2F%2F%2F%2F%2F%2F%2F%2F%2F%2F%2F%2F%2Findex.php%3Fid%3D7. Accessed: 17 May, 2012.

Esaiasson, Peter – Gilljam, Mikael – Oscarsson, Henrik – Wängnerud, Lena, 2007. *Metodpraktikan: konsten att studera samhälle, individ och marknad*. 3 ed. Stockholm: Norstedts juridik.

Euractiv, 2011. "Barroso tops Azeri gas deal with visa facilitation", http://www.euractiv.com/energy/barroso-tops-azeri-gas-deal-visa-facilitation-news-501255, 14 January. Updated 8 May, 2011. Accessed: 14 May, 2012.

European Commission, 2006. "*GREEN PAPER: A European Strategy for Sustainable, Competitive and Secure Energy*", COM(2006) 105 final.

European Commission, 2007. *"An Energy Policy for Europe",* COM(2007) 1 final.

European Commission, 2010a. "*Energy 2020: A strategy for competitive, sustainable and secure energy"*, COM(2010) 639 final.

European Commission, 2010b. "The Policy: What is the European Neighbourhood Policy?", http://ec.europa.eu/world/enp/policy_en.htm. Last updated: 30 October, 2010. Accessed: 14 May, 2012.

European Commission, 2011a: *"EU starts negotiations on Caspian pipeline to bring gas to Europe"*, IP/11/1023. Available at: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/1023&format=HTML&aged=0&language=EN&guiLanguage=en. Accessed 14 May, 2012.

European Commission, 2011b. "Security of energy supply and international cooperation – "The EU Energy Policy: Engaging with Partners beyond Our Borders"", COM(2011) 539 final.

European Union, 2010. *Consolidated versions of the treaty on European Union and the treaty on the functioning of the European Union. Charter of*

fundamental rights of the European Union. Luxembourg: Publications Office of the European Union.

Fearon, James – Wendt, Alexander, 2002. "Rationalism v. Constructivism: a skeptical view" in Carlsnaes, Walter, Risse, Thomas & Simmons, Beth A. (eds) *Handbook of international relations* (52-72). London: SAGE.

Florini, Ann, 2010. "Global Governance and Energy" in Pascual, Carlos - Elkind, Jonathan (eds) *Energy security: economics, politics, strategies, and implications* (149-181). Washington, D.C.: Brookings Institution Press.

George, Alexander L - Bennett, Andrew, 2005. *Case studies and theory development in the social sciences*. Cambridge, Mass.: MIT.

Gorst, Isabel – Dyer, Geoff, 2009. "Pipeline brings Asian gas to China", *Financial Times*, 14 December. http://www.ft.com/intl/cms/s/0/38fc5d14-e8d1-11de-a756-00144feab49a.html#axzz1uBOx7uKr. Accessed: 18 May, 2012.

Gray, Colin S. – Sloan, Geoffrey R., 1999. "Why Geopolitics?" in Gray, Colin S. – Sloan, Geoffrey R. (eds) *Geopolitics, geography, and strategy* (1-15). London: Frank Cass.

Gupta, Eshita, 2008. "Assessing the Relative Geopolitical Risk of Oil Importing Countries" in Petersson, Bo – Törnquist-Plewa (eds) *Energy Security in Europe: proceedings from the conference "Energy Security in Europe", Lund 24-25 September 2007* (207-227). Lund: Centrum för Europaforskning, Lunds universitet.

Hancké, Bob, 2009. *Intelligent research design: a guide for beginning researchers in the social sciences.* Oxford: Oxford University Press.

Hix, Simon, 2005. *The Political System of the European Union*. Houndsmills: Palgrave MacMillan.

Holme, Idar Magne - Solvang, Bernt Krohn, 1991. *Forskningsmetodik: om kvalitativa och kvantitativa metoder*. Lund: Studentlitteratur.

Hwan Lee, Tai, 2008. "Energy Security in Northeast Asia: Competition and Cooperation" in Marquina Barrio, Antonio (reds) *Energy security (electronic resource): visions from Asia and Europe* (162-179). Basingstoke: Palgrave Macmillan.

Janusz, Barbara, 2008. "European Energy Policy and the Caspian Sea Resources. The European Interests in Settling the Dispute about the Caspian Sea Legal Status" in Petersson, Bo – Törnquist-Plewa (eds) *Energy Security in Europe: proceedings from the conference "Energy Security in Europe", Lund 24-25 September 2007* (285-303). Lund: Centrum för Europaforskning, Lunds universitet.

Keohane, Robert O. - Nye, Joseph S., 1977. *Power and interdependence: world politics in transition*. Boston: Little, Brown.

Keohane, Robert O., 1984. *After hegemony: cooperation and discord in the world political economy*. Princeton, N.J.: Princeton Univ. Press.

Keohane, Robert O. - Nye, Joseph S., 2001. *Power and interdependence*. 3. ed. New York: Longman.

King, Gary - Keohane, Robert O. - Verba, Sidney, 1994. *Designing social inquiry: scientific inference in qualitative research*. Princeton, N.J.: Princeton University Press.

Klare, Michael T., 2002. *Resource wars: the new landscape of global conflict*. 1st Owl Books ed. New York: Henry Holt.

Lane, David, 2009. "Russia's Transition to Capitalism: The Rise of a World Power?" in World Energy Politics?" in Gamble, Andrew - Lane, David (eds). *The European Union and world politics: consensus and division* (58-79). Basingstoke: Palgrave Macmillan.

Luciani, Giacomo, 2005. "Oil and Political Economy in the International Relations of the Middle East" in Fawcett, Louise (ed) *International relations of the Middle East* (78-104). Oxford: Oxford University Press.

Lundquist, Lennart, 1993. *Det vetenskapliga studiet av politik.* Lund: Studentlitteratur.

Mackinder, Halford, 1904. "The geographical pivot of history", *The Geographical Journal*, Vol. 170, Issue 4, pp. 298-321.

Marquina, Antonio, 2008. "The Southeast–Southwest European Energy Corridor" in Marquina Barrio, Antonio (reds) *Energy security (electronic resource): visions from Asia and Europe* (54-69). Basingstoke: Palgrave Macmillan.

Meidan, Michal, 2008. "Perceptions and Misperceptions of Energy Supply Security in Europe and the 'China Factor'" in Marquina Barrio, Antonio (reds) *Energy security (electronic resource): visions from Asia and Europe* (34-54). Basingstoke: Palgrave Macmillan.

Morales, Javier, 2008. "Russia as an Energy Great Power: Consequences for EU Energy Security" in Marquina Barrio, Antonio (reds) *Energy security (electronic resource): visions from Asia and Europe* (24-34). Basingstoke: Palgrave Macmillan.

Niewiem, Sylvia A., 2008. "The Nexus between ENP and European Energy Security" in Petersson, Bo – Törnquist-Plewa (eds) *Energy Security in Europe: proceedings from the conference "Energy Security in Europe", Lund 24-25 September 2007* (267-285). Lund: Centrum för Europaforskning, Lunds universitet.

Nuttall, Simon J., 1992. *European political co-operation*. Oxford: Clarendon.

Pascual, Carlos - Elkind, Jonathan, 2010. "Introduction" in Pascual, Carlos - Elkind, Jonathan (eds) *Energy security: economics, politics, strategies, and implications* (1-9). Washington, D.C.: Brookings Institution Press.

Pascual, Carlos – Zambetakis, Evie, 2010. "The Geopolitics of Energy: From Security to Survival" in Pascual, Carlos - Elkind, Jonathan (eds) *Energy security: economics, politics, strategies, and implications* (9-37). Washington, D.C.: Brookings Institution Press.

Patrick, Stewart, 2011. *Weak links: fragile states, global threats, and international security*. Oxford: Oxford University Press.

Paul, Amanda – Rzayeva, Gulmira, 2011. "Azerbaijan – The key to EU energy security", *European Policy Centre*, Commentary 24 October 2011.

Petersson, Bo – Törnquist-Plewa, 2008. "Energy Security in Europe" in Petersson, Bo – Törnquist-Plewa (eds) *Energy Security in Europe: proceedings from the*

conference "Energy Security in Europe", Lund 24-25 September 2007 (7-15). Lund: Centrum för Europaforskning, Lunds universitet.

Pirani, Simon – Stern, Jonathan – Yafimava, Katja, 2009. "The Russo-Ukrainian gas dispute of January 2009: a comprehensive assessment", *Oxford Institute for Energy Studies*, NG27.

Pop, Valentina, 2010. "EU commission changes thinking on Russian pipeline", eu observer.com, 3 March. http://euobserver.com/19/29592. Accessed: 3 May, 2012.

Sauter, Raphael, 2008. "EU Energy Security from an Agenda-Setting Perspective – Implications for EU Climate Change Policy?" in Petersson, Bo – Törnquist-Plewa (eds) *Energy Security in Europe: proceedings from the conference "Energy Security in Europe", Lund 24-25 September 2007* (103-119). Lund: Centrum för Europaforskning, Lunds universitet.

Sheehan, Michael, 2005. *International security: an analytical survey*. Boulder, Colo.: Lynne Rienner.

Smith, Keith C., 2010. "Bringing Energy Security to East Central Europe: Regional Cooperation Is the Key", *Center for Strategic and International Studies*, April Issue.

Socor, Vladimir, 2009. "Southern Corridor, White Stream: the Strategic Rationale", *Eurasia Daily Monitor*, Vol. 6 Issue 200. http://www.jamestown.org/single/?no_cache=1&tx_ttnews[tt_news]=35676&tx_ttnews[backPid]=7&cHash=6399a84a28 Accessed 3 May, 2012.

Socor, Vladimir, 2011. "Moscow issues Trans-Caspian Project warning", *Asia Times Online*, 2 December. http://www.atimes.com/atimes/Central_Asia/ML02Ag01.html

Sodupe, Kepa – Benito, Eduardo, 2001. "Pan-European Energy Co-operation: Opportunities, Limitations and Security of Supply to the EU", *Journal of Common Market Studies*; Vol. 39 Issue 1, pp.165-177.

Teorell, Jan – Svensson, Torsten, 2007. *Att fråga och att svara: samhällsvetenskaplig metod*. 1. ed. Stockholm: Liber.

Tsereteli, Mamuka, 2008. *Economic and energy security: connecting Europe and the Black Sea-Caspian region*. Nacka: Silk Road Studies Program.

Walt, Stephen M., 1987. *The origins of alliances*. Ithaca, N.Y.: Cornell University Press.

Walt, Stephen M., 2005. "Alliances: Balancing and Bandwagoning" in Art, Robert J. - Jervis, Robert (eds) *International politics: enduring concepts and contemporary issues* (96-104). 7 ed. New York: Pearson/Longman.