European Union’s Gas Supply Issue.
To Securitize or not to Securitize?

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Abstract

This study examines the European Union (EU) gas supplies, particularly those coming from the Russian Federation. The increasing EU dependency upon Russian gas and recent gas disruptions make European leaders think about securitizing gas supplies issue.

The aim of the thesis is to analyse consequences of securitization of the gas supplies in the EU through scrutinizing Russian foreign policy in the energy sphere. The following questions are posed: What are the preconditions of politicization process of the energy supply issue in the EU? What are the main features of Russian policy in the area of gas supplies to the EU? What are the possible consequences of securitization of the energy supply in the EU?

The theoretical framework assumes that securitization, being a negative process, may lead to ‘energy dilemma’ a situation when an energy consumer wants to diversify its energy supplies and a supplier wants to block consumer’s diversification attempts.

The study is conducted with a case study method research. The results show that politicization of energy supplies in the EU stimulated aggressive and decisive Russian foreign policy in the sphere of energy directed on depriving the EU of possibilities to diversify its energy supplies. Securitization and extraordinary measures may lead to the increase of confrontation between the EU and Russia in the sphere of energy supplies. This confirms the theory.

Keywords: Securitization, Security of Supply, Security of Demand, Gas Supplies, the European Union, the Russian Federation.
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1 Introduction

Recent years have seen increasing attention being paid to the issue of energy security. There has certainly been recognition that energy security is a concern. Problems linked with the issue are now deliberated at high-level political meetings between heads of state. In other words, the trade in energy supplies is no longer merely a question of economics but also become political. Viewed on a global level, the issue of energy security has increasing importance due to the fact that the world’s energy resources are limited and that demand is increasing along with the world population and the development of new technologies.

1.1 Background

The EU made itself more dependent upon natural gas during the past thirty years.1 Europe’s dependence on Russian gas has become a central issue in the European Union’s internal debates about its relationship with Russia and its energy policy (Noel 2008: 1). The recent war between Georgia and Russia has added a sense of urgency to the EU’s search for a better Russian policy, fuelling fears that Moscow might use its power as a major energy supplier to blackmail Europeans into submission. Consumption of natural gas has grown steadily in Europe over the past 40 years.2 With 1.3% of world natural gas reserves – mostly in the North Sea – and a general depletion of the fields, slightly over one third of natural gas consumed in Europe is produced domestically (Checchi et al 2009:4). The remainder needs to be imported from Russia (45% of all natural gas imports), from Norway (24%), from Algeria (21%), and some 11% from Nigeria, Libya, Egypt, Qatar and Oman (Ibid). EU domestic gas production reached its peak in

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1 In 1980 oil took 47% in EU primary energy consumption while natural gas share was only 14%. In 2006 the share of oil and gas was 41% and 25% respectively (BP 2007).

2 Gas consumption as a proportion of energy use in the EU has grown from 4% in 1965 to 25% in 2005 (Noel 2008: 3). Between 1990 and 2005, a 41% increase in natural gas consumption was observed at EU-27 level (Eurostat 2007: 37).
1996 entering a period of ‘pumping plateau’ and long-term decline exacerbated by the progressive exhaustion of off-shore fields in the North Sea (Checchi et al 2009: 15). The UK potential has largely been explored and, although some fields have been put on-stream in the past ten years, a future decline in production seems irreversible (IEA 2004: 394). Apart from Norway, most countries in the rest of Europe will experience a gradual decline in gas reserves. Natural gas production in Norway has increased by 60% in the first half of this decade and is expected to continue to grow substantially up to 2010; thereafter it will probably reach a steady phase (IEA 2006: 32). The EU’s natural gas production in 2030 will be less than 30% of today’s production (Checchi et al 2009: 15, Percebois 2008: 34).

Since the early 1980s, and particularly over the past decade, import growth from other countries has outpaced that from Russia. But despite that since 1990, 80% of the growth in European gas imports has originated from countries other than Russia, especially Norway, Algeria, Nigeria and middle eastern countries and accordingly, Russia’s share of EU gas imports has declined sharply, from 75% in 1990 to just over 45% today, it remains the largest exporter of gas to the EU, with total annual exports of 130 bcm today (Noel 2008: 5). This inter-dependency is the result of several decades of relations that were created by the EU’s strategic decision to use natural gas because it is a form of energy that minimizes damage to the environment (Ibid). Both oil and coal have been replaced by natural gas in power generation for economic, efficiency and environmental reasons: the Kyoto protocol and EU directives foster more efficient and cleaner energy policies (Gilardoni 2008: 41-42). Natural gas is the cleanest fossil fuel (GERG 2007: 1).

\[1\] The old 15 member states (EU15) account for 86% of EU gas consumption (Noel 2008: 5). The UK, Germany and Italy each consume more gas alone than the 12 new member states (NMS) combined. Yet Russian gas represents, on average, just 20% of the EU15 primary gas supply, and more than 50% of supply only in Finland, Greece and Austria. Conversely, all ten eastern European NMS, apart from Romania, rely on Russia for at least 50% of their gas. For six of them the figure is 80% or more. It is predicted that by 2020 the consumption of Russian gas will have risen to 70% (Radoman 2007: 39).

\[4\] It should be recalled that a ‘coal kWh’ contains 900 g of CO2 compared with 410 g for a ‘natural gas kWh’ and 710 g for an ‘oil kWh’ (Percebois 2008: 34).
1.2 Problem Formulation

The dependency of the EU upon the Russian Federation gas supplies, growing natural gas consumption in the EU and recent disruptions in gas supplies connected with the transit country of Ukraine can easily lead to securitization of gas supplies in the EU. Since securitization can be regarded as a negative process (Buzan et al 1998: 29) it also can result in negative consequences for the EU. Thus, the problem is uncertainty about consequences of securitization of the gas supplies issue in the EU.

1.3 Purpose

Thus, we are going to scrutinize the process of securitization of the energy supply issue in the EU focusing on its possible consequences. The main question of the work is: “Should the EU securitize an energy supply issue?”

To answer this question it is necessary to analyse the development of Russian energy supply policy towards the EU. Therefore, we are also going to answer three additional questions:

- What are the preconditions of politicization process of the energy supply in the EU?
- What are the main features of Russian policy in the area of gas supplies to the EU?
- And finally what are the possible consequences of securitization of the energy supply in the EU?

1.4 Scope and Limitations

The EU consumes energy in different forms and from different sources. There are four main forms: oil, gas, coal and nuclear energy. In this study only
natural gas usage will be considered. This limitation can be explained by several factors.

The first is that natural gas is becoming more popular form of energy in the EU as well as in the world. Gas consumption grew by 3.1% in 2007, the only fossil fuel where growth accelerated (BP 2008: 9). In the EU 25 natural gas is the only primary energy vector that has persistently increased its share (the only exception is 2006, but with a minimum drop). It overtook coal in 1996 and became in 2006 the second energy carrier after oil taking 20% of EU energy consumption. Oil remains the first source, though mainly used for transportation, but its share fell from 47% in 1980 to 41% in 2006 (Gilardoni 2008: 40-41). The coal usage is also characterized by constant decrease.

The second reason is the rising demand for natural gas in the EU. In absolute terms, EU 25 natural gas demand grew from 233 bcm in 1980 to 467 bcm in 2006. Estimates of future demand foresee further growth: 579 bcm in 2010, 718 bcm in 2020 and 753 bcm in 2030 (Gilardoni 2008: 42). In the Directorate-General for Energy and Transport (DG TREN) reference scenario published in 2006, for example, the EU natural gas demand was forecasted to grow by 24% between 2005 and 2030, while in 2008, DG TREN reduced the expected demand growth to 16% (Checchi et al 2009: 14).

The third reason is recent disruptions in natural gas supplies from the Russian Federation to the EU which make the problem relevant and vital for the EU. The share of EU gas consumption covered by Russian imports grew rapidly in the 1970s and 1980s, peaking at 30% in the early 1990s before stabilizing at about 25% in 2006. Yet as a share of Europe’s primary energy consumption, gas imports from Russia have stabilized since 1990 at around 6.5%. In other words, 93.5% of the energy consumed in Europe is covered by sources other than Russian gas. Despite all these things, in 2005 the EU imported almost half (49%) of foreign gas by pipeline from the Russian Federation (Drollas 2008). Russia remains the largest exporter of gas to the EU, taking 25.5% in 2006 of the EU gas supply which makes disruption in gas supplies extremely undesirable (Noel 2008: 2). One may argue that oil supplies are of the same importance for the EU but it’s not right. Europe is highly dependent on Russian crude oil and petroleum products but firstly, there were no major problems since 2006, when Russia turned off the oil taps to Lithuania; more recently it did the same to the Czech Republic. These
were regrettable events, but they have had very limited, if any, lasting impact on the energy supply of these two countries or their overall economic welfare (Noel 2008: 2). Secondly, while the gas relationship has significant implications for the EU-Russia political relations, this is not true for oil – even in the case of those EU countries that are highly reliant on Russia for supply of crude oil or refined products. The reason for this lies in the different structures of the oil and gas market and the varying nature of the products. Oil is a highly fungible commodity that can be transported by pipelines, tankers, barges, railway and trucks; and it is traded on a deep and liquid global market in which Europe is fully integrated. In the case of a supply disruption, a refinery or large consumer can almost invariably turn to the spot (short-term) market. Furthermore, as Pierre Noel argues, the cost of storing oil products is only a fraction of that for natural gas, which means importers with limited oil supply diversity have a strong incentive to maintain big inventories (or can be forced to do so by regulation) (Noel 2008: 3). It should be also noted that terms ‘energy supplies’ and ‘gas supplies’ are used interchangeably in this paper.

There is also time limitation in the work. Obviously, it is impossible to consider EU gas supply security from the very start. Thus, EU energy security is analyzed starting from 1990-91. The reason for that is the collapse of the USSR which entailed lots of changes on the post-soviet area, namely serious conflicts between Russia and gas transit countries (Baltic countries, Ukraine and Belarus), which resulted in disruption in gas supplies to the EU (Checchi et al 2009: 20).

The final limitation in the paper implies the EU as the whole entity. We do not consider any EU member state separately despite the fact that the gas market in the EU based on bilateral agreements between each member state and Russia. The reason for that are common supplies. When disruptions in gas supplies emerge it influences all Russian gas consuming countries in the EU without any exceptions. Thus, the question is vital for the EU entirely.
1.5 Disposition

The work consists of six chapters. The first chapter introduces the purpose of the thesis and outlines the main questions. The second chapter explains the method that was used in the process of writing. It also presents literature overview and information about validity and reliability. In the third chapter main theoretical conceptions on securitization and security are described as well as elaborations on theoretical interconnections between security of demand and security of supply. Chapter four contains the analysis. In this chapter the answers to the posed questions can be found. The fifth chapter summarizes and presents conclusions of the analysis. And the chapter number six is devoted to suggestions for further research.
2. Methodology

2.1 Literature

In order to answer the posed questions we have collected and analysed a large amount of material. To create a theoretical framework section we have used a number of articles and books written by prominent scholars in the field of security studies. The main theoretical sources are “Security: a new framework for analysis” written by Barry Buzan, Ole Waever, and Jaap de Wilde, “On Security” edited by Ronnie D. Lipschutz and “Contemporary Security Studies” edited by Allan Collins. These books were used to explain securitization theory. We also used papers that criticize securitization theory, namely by Rita Taureck “Securitization theory and securitization studies”. To explain and to some degree elaborate on energy security – security of supply and security of demand, we also used “Energy Security” written by Sascha Muller-Kraenner.

As for analysis, here besides articles and books we also used speeches made by different politicians like European Commission Presidents, Russian Presidents and so on. Among the articles we must mention “Securitization of Energy as a Prelude to Energy Security Dilemma” by Jelena Radoman which gave us initial idea of the issue as well as “Tackling Dependency: The EU and its energy security challenges” written by Robert L. Larsson. Among books we must mention the one written by Adrian Hyde-Price “European Security in the Twenty-First Century: The Challenge of Multipolarity”.

2.2 Case study method

The paper is a typical single case study of securitization of energy supplies issue, namely securitization of natural gas supplies in the EU. This case can be regarded as ‘most-likely’ because of traditionally not very warm relations between EU and Russia. Securitization process might have negative consequences that can easily contribute to confrontation between these countries. At the same time, the
case can be regarded as a ‘least-likely’ case since the EU exports high volumes of gas from Russia. This makes Russia dependable upon the EU as a consumer and decreases chances for securitization’s negative effects (Eckstein 2000: 149, Schafer and Walker 2006: 565).

One should bear in mind though, that this is a case study about energy supply security in the EU and the results of this examination may not be applicable to other regions of the world. In other words, almost no generalisation is possible (Gomm et al 2000: 98-99). However, the scope of the work is that its results may serve as a foundation for further research of the role of securitization in other regions or of other kinds of fuels. This thesis might also be considered as a contribution to the concept of securitization that is potentially can be used in practice by every international actor.

Due to the thesis’s purpose and questions, a case study method is the most appropriate one to use. Robert Yin argues that:

“[h]ow and why questions are explanatory and likely to lead to the use of case studies, histories, experiments as the preferred research strategies. This is because such questions deal with operational links needing to be traced over time, rather than mere frequencies or incidence” (Yin 2003: 6).

Our aim is to take a look into a policy field and define how securitisation of gas supplies can contribute to the problem of its disruption. We are also trying to explain why the securitisation in a particular case leads to certain consequences and not to other. It includes searching for meaning, motives and reasons.

Case study method allows us to scrutinise the processes explaining them rather than describing as most of quantitative methods do. Some process (negotiation, institutional changes) cannot be explained by data simply because no meaningful data exist to fulfil this task. The method we have chosen concentrates on the one case narrowing the possible conclusion and leaving almost no place for generalisation but instead it preserves and reports large amount of material about the case comparatively to statistical method covering more or less the same case (Odell 2004: 67-68). However, the fact that we are using some statistical data in the work makes the former more suitable for making generalisation. In other words case study method is suitable to the issue being analyzed since it allows
construction of historical and detailed explanations of particular cases(s) through in-depth examination (Kacowicz 2004: 108).

2.3 Validity and reliability

The question of validity can be summarized as a question of whether the researches see what they think they see (Flick 2006: 371). Case study method is often criticized for the lack of objectivity. The authors of the paper are Ukrainians and this condition makes it even more difficult to talk about objectivity of the work, since Ukraine is one of the key actors in the issue. But being aware of validity’s importance we tried to present facts and conduct the analysis as objective as possible. Few sources among the used literature are written by Ukrainian authors. However, one should always be aware that validity is a thing that is never complete, this work is largely based on facts rather than on personal opinions.

The method that is chosen might negatively affect validity of the paper since it is difficult to know how accurately and neutrally selected events represent the case the theory refers to (Odell 2004: 67-68). We tried to avoid this potential trap by close cooperation and discussion of the analysis we have done. Trying to criticize each other’s view we almost eliminated the possibility of narrow definition of the issue.

As for reliability, which according to Uwe Flick means a possibility of having the same results while using a particular method (Flick 2006: 369), we giving the sufficient amount of information available on the issue and relative high degree of its trustworthiness it is possible to argue that the same results can be easily obtained with the same method (case study).
3. Theoretical Framework

3.1 Meaning of Security

Over the past decade, the field of security studies has become one of the most dynamic and contested areas in International Relations. In particular, it has become, perhaps, the primary forum in which broadly social constructivist approaches have challenged traditional – largely realist and neorealist – theories in the area in which some of the most vibrant new approaches to the analysis of international politics are being developed, and the realm in which some of the most engaged theoretical debates are taking place (Williams 2003: 511). Fortunately, there is a consensus on what security studies entail, and a short definition that covers most of what scholars have tried to incorporate into the concept is that ‘it is to do with threats to survival’ (Collins 2007: 2).

So, what quality makes something a security issue in international relations? An answer can be found in the traditional military-political understanding of security. Traditionally the state has been the thing to be secured, what is known as the referent object, and it has thought security through military might (Collins 2007: 2). In this context, security is about survival. It is when an issue is presented as posing an existential threat to a designated referent object (traditionally, but not necessarily, a state, incorporating government, territory, and society) (Buzan et al 1998:29). The special nature of security threats justifies the use of extraordinary measures to handle them. The invocation of security has been the key to legitimizing the use of force, but more generally it has opened the way for the state to mobilize, or to take special powers, to handle existential threats. Traditionally, by saying ‘security’, a state representative declares an emergency condition, thus claiming a right to use whatever means are necessary to block a threatening development (Buzan et al 1998: 21).

With the end of the Cold War, security studies have re-emerged as well as core assumptions about what is to be secured, and how. Debates over the nature and meaning of ‘security’ have become the focus of renewed controversy in
security studies. The field has been challenged to consider questions surrounding the ‘broadening’ of its agenda to include threats beyond the narrow category of state and military security, and to confront the claim that this agenda must also be ‘deepened’ to include the security concerns of actors ranging from individuals and sub-state groups (often now formulated under the category of ‘human security’) to global concerns such as the environment that have often been marginalized within a traditional state-centric and military conception (Williams 2003: 513).

Obviously, the character of security in international relations is not identical to the use of the term in everyday language. Unlike social security, which has strong links to matters of social justice and entitlement, international security is firmly rooted in the traditions of power politics (Stritzel 2007: 360). For Copenhagen School in the face of Barry Buzan and Ole Wæver ‘security means survival in the face of existential threats’ (Buzan et al 1998: 27). These scholars consider security as the move that takes politics beyond the established rules of the game and frames the issue either as a special kind of politics or as above politics (Emmers 2007: 118).

However, national security should not be idealized. It works to silence opposition and has given power holders many opportunities to exploit ‘threats’ for domestic purposes, to claim a right to handle something with less democratic control and constraint. Thus, it is not that ‘the more security the better’. As Buzan and Wæver put it, ‘basically, security should be seen as negative, as a failure to deal with issues as normal politics’ (Buzan et al 1998: 29).

In any case, it is neither politically nor analytically helpful to try to define ‘real security’ outside of the world of politics and to teach the actors to understand the term correctly, because different states and nations have different thresholds for defining a threat (Emmers 2007: 121). It is more relevant to grasp the processes and dynamics of securitization, because if one knows who can ‘do’ security on what issues and under what conditions, it will sometimes be possible to manoeuvre the interaction among actors and thereby curb security dilemmas (Buzan et al 1998: 31).

The theory of ‘securitization’ developed by the Copenhagen School provides one of the most innovative, productive, and yet controversial avenues of research in contemporary security studies (Williams 2003: 511). However, in using securitization theory, it is better not to focus on what security is, but rather on
what it does – because what security does is equivalent to the meaning of security. In Wæver’s words: ‘What we can study is who can ‘do security’ on what issues under what conditions – and with what effects?’ (Taureck 2006: 15).

3.2 Securitization Theory

Securitization theory offers one of the most concise and attractive analytical tools in critical security studies today (Taureck 2006: 2). Ole Wæver and Barry Buzan, the core of the Copenhagen School, define securitization as a successful speech act ‘through which an intersubjective understanding is constructed within a political community to treat something as an existential threat to a valued referent object, and to enable a call for urgent and exceptional measures to deal with the threat’ (Stritzel 2007: 358).

The defining feature of the Copenhagen School approach to security is the fact that it proposes to study security practices by drawing on speech act philosophy, assuming that the articulation of security is a crucial form of security action. It is this articulation that has the potential to structure the social practices that follow. The articulation of ‘security’ entails the claim that something is held to pose a threat to a valued referent object that is so existential that it is legitimate to move the issue beyond the established games of ‘normal’ politics to deal with it by exceptional, i.e. security, methods. This puts an actor in a very strong position to deal with an issue as (s)he thinks is appropriate. As Wæver put it, ‘by uttering ‘security’ a state-representative moves a particular development into a specific area, and thereby claims a special right to use whatever means are necessary to block it’ (Wæver 1995: 55).

So, to briefly summarize what securitization theory is: the main argument of securitization theory is that security is a speech act, that alone by uttering ‘security’ something is being done. ‘It is by labelling something a security issue that it becomes one’ (Ibid). A securitizing actor by stating that a particular referent object is threatened in its existence claims a right to extraordinary measures to ensure the referent objects survival. The issue is then moved out of the sphere of normal politics into the realm of emergency politics, where it can be dealt with.
swiftly and without the normal (democratic) rules and regulations of policy making. For the content of security this means that it has no longer any given meaning but that it can be anything a securitizing actor says it is. Security – understood in this way – is a social construction, with the meaning of security dependent on what is done with it (Taureck 2006: 3).

To prevent ‘everything’ from becoming a security issue, a successful securitization consists of three steps. These are: (1) identification of existential threats; (2) emergency action; and (3) effects on inter-unit relations by breaking free of rules (Buzan et al 1998: 6). To present an issue as an existential threat is to say that: ‘If we do not tackle this problem, everything else will be irrelevant (because we will not be here or will not be free to deal with it in our own way)’ (Buzan et al 1998: 24). This first step towards a successful securitization is called a securitizing move. A securitizing move is in theory an option open to any unit because only once an actor has convinced an audience (inter-unit relations) of its legitimate need to go beyond otherwise binding rules and regulations (emergency mode) can we identify a case of securitization. Securitizing move leads directly to taking extraordinary measures which will never be taken if the issue remains in the sphere of normal politics.

It is important to note that the identification of an issue as an ‘existential threat’ is the first conceptual step for any process of securitisation, notably the other two steps being emergency action and effects on inter unit relations, breaking free of rules (Balzacq 2005: 175). This ‘existential threat’ requirement of ‘securitisation’ means that: ‘security’ is not just any kind of speech-act, not just any form of social construction or accomplishment. It is a specific kind of act, because it calls for extraordinary measures beyond routines and norms of everyday politics (Williams 2003: 514). ‘Security’ is thus a self-referential practice, because it is in this practice that the issue becomes a security issue – not necessarily because a real existential threat exists but because the issue is presented as such a threat (Buzan et al 1998: 24).

Although in one sense securitization is a further intensification of politicization (thus usually making an even stronger role for the state), in another sense it is opposed to politicization. Politicization means to make an issue appear to be open, a matter of choice, something that is decided upon and that therefore entails responsibility, in contrast to issues that either could not be different (laws
of nature) or should not be put under political control (free economy, the private sphere, matters for expert decision). By contrast, securitization on the international level (although often not on a domestic one) means to present an issue as urgent and existential, as so important that it should not be exposed to the normal haggling of politics but should be dealt with decisively by top leaders prior to other issues (Emmers 2007: 117).

Thus, securitization, like politicization, has to be understood as an essentially intersubjective process. To study securitization is to study the power politics of a concept. A security argument always involves two predictions: what will happen if we do not take ‘security actions’ (the threat), and what will happen if we do (how is submitted security policy supposed to work?) (Buzan et al 1998: 32).

It is possible to ask with some force whether it is a good idea to make a particular issue a security issue, to transfer it to the agenda of panic politics, or whether it is better handled within normal politics (Taureck 2006:16). The securitization approach serves to underline the responsibility of talking security, the responsibility of actors as well as analysts who choose to frame an issue as a security issue.

In practice, securitization is thus far from being open to all units and their respective subjective threats. Rather, it is largely based on power and capability and therewith the means to socially and politically construct a threat. In this way the study of security remains wide, but with restrictions pertaining to ‘who’ can securitize it is neither unmanageable nor incoherent. This being said it should be noted that Wæver is extremely critical of framing issues in terms of security. For him: ‘security should be seen as a negative, as a failure to deal with issues of normal politics’ (Buzan et al. 1998: 29). Because of this, he favours a strategy of desecuritization whereby securitization is reversed and issues are moved out of ‘the threat – defense sequence and into the ordinary public sphere’ where they can be dealt with in accordance with the rules of the (democratic) political system (Ibid.). Although this is clearly a normative statement on the part of Wæver, it is important to notice that it has no bearing on what securitization theory can do. This is so, because securitization and for that matter desecuritization are political acts and therefore outside of the securitization theorist’s personal preference.

This brief overview shows that securitization theory is not a political statement on the part of the analyst, but that securitization theory is instead a
theoretical tool of analysis with which the analyst can trace incidences of
securitization and desecuritization. Securitization theory by itself does not enable
the analyst to say what security should be/not be. Securitization theory thus seeks
to answer the question – what does security do? – and little beyond this. In this
understanding, securitization theory is nothing but a theoretical tool to facilitate
practical security analysis.

3.3 Energy Security and Energy Dilemma

The concept of energy security evolved from the oil crisis of the 1970s when
the OPEC oil embargo and the Iranian revolution threatened to cause price
increases and quantity shortages for the United States. Since then energy security
has been viewed in terms of reliable and affordable access to oil by western
countries that were dependent on oil imports for their energy needs. As natural gas
became more important in the energy mix, it was included in this thinking. However, energy security has still remained predominantly a western concept due
to the dominance of OECD (Organization for Economic Co-operation and
Development) countries as consumers of the world oil and natural gas production
(ESMAP 2004).

The European Commission and the International Energy Agency define
energy security as the provision of reasonably priced, reliable and environmentally
friendly energy (Muller-Kraenner 2008: 1-2). The International Energy Agency
(IEA) defines energy security primarily in terms of stable supplies of oil and
natural gas (IEA 2006). This would certainly be an acceptable general definition.
However, energy security can also be defined in the following terms: 1) enabling a
certain percentage or number of countries to sustain the provisioning or availability
of energy services for poverty reduction and economic growth, 2) enabling a
certain percentage or number of households, businesses and communities to meet
their energy needs for consumptive, productive or socially productive uses
(ESMAP 2004).

The above stated definition of energy security implies that a theoretical
framework must provide understanding of both the demand and supply side of the
issue. Security of supply may be defined as the guarantee that all the gas volumes,
demanded by non-interruptible (firms or protected) customers, will be available at
a reasonable price. The following points should be noted: 1) security of supply is primarily a concept of physical availability – the gas must be there when required, 2) nevertheless, the security of supply is also tied to contractual arrangements. Some customers may elect to give up security of supply and take the risk of not getting the gas when required, 3) finally, security of supply is also, albeit more loosely, tied to a concept of price. Gas must be available at a ‘reasonable’ price – not at any price. By definition, if the price is allowed to increase without a limit, there will always be a sufficiently high price at which demand will equate to available supplies – but it does not mean that in this case that the security of supply is guaranteed. If to lift any restriction on the movement of prices, the issue of security of supply simply evaporates. Yet how far is it acceptable to allow prices to move in order to restrict demand and allocate scarce supplies is a question that can only be decided politically, by the government or regulator, or contractually, by the parties accepting limits to price increases – not by a theoretical discussion (Luciani 2004: 2).

Foreign policy analysts are convinced that the increasing nationalisation of energy resources and the politicisation of energy management by resource rich countries have made energy security – as in the 1980s – a matter of national security (Yergin 2000). According to them, the market alone is not able to deal with the mounting and multi-faceted challenges that energy-consuming countries have to face in a globalised world. Energy security therefore requires international cooperation, government intervention and military control. Neither of these two interpretations can be dismissed, but neither can capture the whole picture of security of supply. In fact, the economic and the so-called political interpretation are two sides of the same coin; they complement each other and both are necessary to explain the challenges as well as the solutions to dealing with the security of energy supply in Europe (Checchi et al 2009: 1).

A security dilemma being a base for energy dilemma is created when an actor, in an attempt to increase his own security, takes measures which he claims are of a defensive nature. However, these measures are the cause of fear and suspicion of others who, due to the general mistrust present in international affairs, perceive the actions to be offensive (Radoman 2007: 43). In a situation in which there is interdependency but mistrust it is almost impossible, but also unnecessary, to discover who is responsible for the initiation of mutual
intimidation. The politicization of the problem of energy supply is already an open field for the appearance of a security dilemma or energy dilemma. However, securitizing this issue the actors in energy-dependence chain would irreversibly renounce rational and responsible efforts to find a model of relations that would achieve energy security, as well as general security (Balzacq 2005: 183).

The concept of the security dilemma engages with the existential uncertainty that lies in all human relations, and especially those taking place in the arena of international politics. Booth and Wheeler argue that the security dilemma is a more fundamental concept for security studies than even war and strategy (Booth and Wheeler 2008: 3). After defining the meaning of the security dilemma, they proceed to explore its dynamics, giving illustrations from current and future dangers. They argue that if security studies are to live up to its name in the twenty-first century, the complex phenomenon of the security dilemma must be given a central place in the agenda.

So, according to them the term ‘security dilemma’ describes a familiar predicament experienced by decision-makers in a world already overflowing with dilemmas. Despite its ubiquity, their claim is that the concept has been invariably misconceived by academic theorists, yet – properly understood – it should be regarded as the most fundamental concept of all in security studies, and as such should be at the centre of a reformed agenda of this field. The security dilemma is a foundational concept because, above all, it engages with the existential condition of uncertainty that characterizes all human relations, not least those interactions on the biggest and most violent stage of all – international politics (Ibid). In the context of International Relations, the existential condition of uncertainty means that governments (their decision-makers, military planners, foreign policy analysts) can never be 100 percent certain about the current and future motives and intentions of those able to harm them in a military sense. They call this situation one of unresolvable uncertainty, and see it as the core of the predicaments that make up the security dilemma.

In the sphere of energy, ‘security dilemma’ implies the willingness of one side which buy energy to take measures to make its energy supplies secured (usually through diversification), while the other side which sells energy tries to guarantee security of demand for itself through blocking diversification attempts made by the first side. In such a way, political leaders resolve their dilemma of
response in a manner that creates a spiral of mutual hostility, when neither wanted it, a situation has developed which we call the security paradox or ‘energy dilemma’ (Larsson 2007: 61, Booth and Wheeler 2008: 4–5). In other words, two or more actors, seeking only to improve their own security, provoke through their words or actions an increase of mutual tension, resulting in less security all around (Booth and Wheeler 2008: 9). Both actors are not fully confident in each other’s reliability. One actor questions the reliability of the other actor as a supplier, the former in its turn questions the latter’s reliability as a consumer. Theoretically, if the degree of cooperation between these actors is high then the first (consumer) appears to be dependable upon the second actor (supplier). If the degree of cooperation is low, then the second actor (supplier) cannot be sure about stability of the energy market. One may assume that securitization of energy supply by the consumer-actor may make supplier actor seek alternative (more reliable) markets for selling its energy.
4 Results

In that section we will present analysis of development of gas supplies to the EU from Russia starting from 1991 when the Soviet Union dissolved and the problems emerged. Results chapter consists of four parts going in chronological order. The first part tells about preconditions of politicization of gas supply from the RF during 1991-2000. The second section analyzes results of politicization process of gas supplies in the EU as well as Russian internal policy towards energy companies’ ownership during 2000-2005. In the third section we analyzed further evolution of Russian behavior as a gas supplier to the EU during 2004-2008 concentrating on Ukraine-Russian gas rows which led to temporal disruptions in gas supplies to the EU. In the fourth section we analyzed mainly recent gas row between Ukraine and Russia which can be regarded as an existential threat which potentially can lead to the beginning of the securitization process of gas supplies to the EU.

4.1 Preconditions of Politicization

The first major official reaction of the EU on the threats to gas supplies was Green Paper - Towards a European strategy for the security of energy supply (European Commission 2000). In such a way the European Union has responded to the prospect of growing import dependence. Despite that all serious problems occurred during the period of 2000-2009, the Green Paper can serve as a first sign of upcoming process of politicization of energy supply to the EU. Thus, it is important to analyze conditions which lead to the adoption of the above mentioned document.

The first stimulators for growing concerns of security of supplies in the EU were small disputes between Baltic States, Belarus, Ukraine and Russia. The transit of natural gas exports across Ukraine and Belarus and also problems in relations with Baltic States have encountered particular problems in the delivery of Russian gas to Europe in the post-Soviet era (after 1991). Russia’s willingness...
to use its considerable energy resources for political blackmail, a situation that dates back to the Spring of 1990, when Moscow cut energy supplies to the Baltic States in a futile attempt to stifle the independence movement. This gas embargo provided a sharp reminder of the strategic aspects of gas supply relationships (Stern 1992: 105). The ‘energy weapon’ was again used against the Baltic States in 1992, in retaliation for Baltic demands that Russia remove its remaining military forces from the region (Smith 2006: 2). The Russian policy sought to take control of assets in the Ukrainian gas sector in return for debt forgiveness, or to press strategic aims outside the gas sphere (Pirani 2007: 19). In 1993 and 1994, Russia reduced gas supplies to Ukraine, in part, to force Kyiv to pay for previous gas supplies, but also to press Ukraine into ceding more control to Russia over the Black Sea Fleet and over Ukraine’s energy infrastructure (D’Anieri 1999: 78-80). The basis of the problem still has been a lack of money in Ukraine to pay for Russian gas supplies, but in reality the true reason was that the Soviet gas industry was born in Ukraine in the 1930s, and the infrastructure was built from there so that, Ukraine was still a central part of the gas pipeline network even as the focus of activity moved to Western Siberia. Splitting the Soviet Union along Republic borders made for an often unworkable allocation of physical assets and nowhere was this truer than for gas. The consequence is that vital assets for Gazprom are located in Ukraine and thus no longer under its direct control. This policy has led to a decade of ‘unauthorized diversions’ by Ukrainian companies of gas in transit to European customers. With very few exceptions, the transit difficulties in Ukraine have lasted only a few days, mostly not at times of peak demand in Europe, and European gas companies have managed them relatively easily. The most serious desruption in Russian supplies to the EU occurred in October 1992, when for a period of around ten days supplies to Germany were 20-50% below contracted levels (Stern 1995: 60). As Jonathan Stern argue, the fact that Turkmenian supplies had been stopped some month previously because of a price dispute and that debts of Gazprom had risen to very high levels may explain (but does not excuse) Ukrainian actions (Stern 1995: 60). In March 1993 there were (unconfirmed) reports of Ukrainian diversions of supplies, but the next confirmed events were in September 1993 when gas destined for Romania and Bulgaria was reduced substantially.
In September 1993, at the height of Ukraine’s economic and political crisis, the Russian government introduced into diplomatic negotiations the linkage between the repayment of debts for gas and other issues in dispute. At a summit conference in Massandra, Crimea, Russian president Boris Yeltsin offered to Ukrainian president Leonid Kravchuk cancellation of debt in return for control of the Black Sea fleet and Ukraine’s nuclear warheads. It appears that Kravchuk had agreed in principle to this, but after a strong reaction from politicians in Kiev, the idea was abandoned by both sides (D’Anieri 1999: 78-80).

In February 1994 the debt crisis between Russian and Ukraine again caused Russia to suspend a portion of deliveries to some Ukrainian customers and this again caused unauthorized diversions which amounted to around 20% of European supplies; importers in France, Germany and Italy registered the fall in deliveries (Stern 1995:60).

In the last few weeks of Kravchuk’s presidency (January–February 1994), the issue of the nuclear warheads was settled separately under a trilateral agreement between the US, Ukraine and Russia. The issue of the Black Sea fleet lingered and another attempt was made by Russia to swap gas debt forgiveness for a pole position in the Ukrainian gas sector. In March 1994, with Russia having reduced gas exports, a Ukrainian deputy prime minister agreed with Russian negotiators that Gazprom could take a 51% stake in the pipeline system, but the government, supported by parliament, decided against (Balmaceda 1998: 265). In order to stabilize the situation and avoid any similar problems in the future, Gazprom signed an agreement in April 1994 whereby it would deliver 10 bcm of gas to be stored in two Ukrainian facilities for delivery to European customers in the winter months. In addition, one of the major Ukrainian transmission companies stated that it would not interfere with gas in transit to Europe (Pirani 2007: 20-1).

In November 1994 it was reported that deliveries to Europe were once again reduced. However, the Ukrainians denied that they had diverted the gas and explained the problem in terms of shortfalls in supplies from Turkmenistan due to a pipeline accident in central Asia. But by the first week of December, Ukraine acknowledged that it had responded to Russian cutbacks (because of failure to meet debt repayments) by diverting around 20% of European supplies in order to keep Ukrainian industries running (Stern 1995: 60-1).
In early 1995, a Russian government delegation agreed with the Ukrainian government to form a new Russo–Ukrainian company: Gaztransit. Transit assets would be concentrated in this company in exchange for the write-off of much of Ukraine’s debts to Russia. However, the Ukrainian Parliament first blocked this proposal and then went on in November 1995 to adopt a law prohibiting privatization of oil and gas assets altogether. This policy remained in place in the gas sector and Russian capital remained absent, whereas significant oil refining assets came under Russian control in the late 1990s (Pirani 2007: 20).

Therefore Russian policy clearly goes with state’s main role in maintaining security (security of demand). Aggressive policy against Ukraine shows Russian aims and principles. From these rather sparse details a few general points also can be made: first, so far these episodes have not involved a complete interruptions of delivers to the EU, but rather a reduction of delivers which (in one case) reached 50% of one importer’s supplies. Second, these reductions can be measured in terms of days and only one episode appears to have exceeded a week. Third, there has always been ample warning of these reductions, allowing importers to make other arrangements.

As Jonathan Stern pointed out, the diversions tended to take place in spring and winter, at times when Ukraine needed to replenish its storages. No diversions have taken place during a period of severe weather in Europe when importing gas companies might be seriously stretched in terms of supplies (Stern 1995: 61). These factors lead to the possible conclusion that the Ukrainian was prepared to use diversions as part of their supply management process – and part of their negotiating process with Russians – but that they were well aware of the impact which serious desruption might have in Europe and would not knowingly risk such an event.

Thus, these problems have been sufficiently serious to make importers nervous and to have caused minor inconvenience on a small number of occasions. While this situation was not satisfactory and showed no sign of being resolved swiftly it cannot be said to constitute a major security threat to European gas supplies. EU officials were concerned with deepening and widening of European integration, signing new integration treaties. They paid little attention to security of supply in the EU. European Commission President at that time – Jacques Santer in his speech to the European Parliament did not say a word about security
of energy supply in the EU. His main points were enlargement, institutionalization, monetary Union issues and implementation of the Maastricht Treaty (Santer’s Speech 1995, Santer’s Speech 1996). The Santer Commission played a major role in several areas, first of all in the preparations for the transition to a single currency. The Council adopted the name ‘euro’, and the Commission invented the logo €, which consisted of an E for Europe crossed by two horizontal lines standing for stability. Banks and undertakings immediately adopted the € on the same basis as the $ and the £. During the Santer Commission (1995-1999) there was only one Green Paper which touched EU energy policy which was called Energy for the Future: Renewable Sources of Energy. Thus, one must not talk about politicization process of security of energy supply before 2000. Minor problems in gas supply to the EU during 1990s exacerbated impact strong enough to make the EU officials start thinking and talking about it and to adopt the Green Paper only in 2000. In the new century, after Ukraine had refused to transfer control of its gas transmission system to Gazprom and in other words, after attempts failed to get control over Ukrainian and Belarus pipelines, Moscow took much tougher action.

4.2 Politicization

It is possible to say that the start of the politicization’s process of security of energy supply was adopting Green Paper – Towards a European strategy for the security of energy supply (European Commission 2000). While the document in large part consists of information about trends in EU energy consumption, environmental, issues, it nevertheless contains very important points that actually preceded politicization. The paper describes external dependence of the EU in terms of energy, extent of dependence and its effects upon member states, importance of transit states. The most important questions that the green paper pose for debate is sounds as follow: Can the European Union accept an increase in its dependence on external energy sources without compromising its security of supply? And how can we ensure the development and better operation of energy transport networks in the European Union and neighboring countries that enable
the internal market to function properly and guarantee security of supply? (European Commission 2000).

This document led to a series of debate and discussions between different officials from state bodies and NGO’s in the EU. This resulted in series of responses to this paper (for example a group response 2001). Some EU leaders carefully argued that Russia was using energy as tool to rich full control over gas infrastructure in Ukraine (Hyde-Price 2007: 149). Nonetheless, Russia remains acutely worried that Ukraine might someday join not only the EU, but also NATO – bringing US power and influence into Moscow’s front yard. It has therefore continued to put pressure on Ukraine to prevent it from succumbing to US and European overtures. This has primarily taken the form of economic pressure over gas supplies, which were halted again briefly in December 2000 (Ibid). Despite that was the last incident between Russia and Ukraine over gas supplies before 2006, the EU officials continued to work on its underbelly – gas supplies from Russian Federation. In 2004 the European Council adopted Directive 2004/67/EC concerning measures to safeguard security of natural gas supply. However, it repeats in some points Commission’s Green Paper of 2000, for example:

“Natural gas (gas) is becoming an increasingly important component in Community energy supply, and, as indicated in the Green Paper ‘Towards a European strategy for the security of energy supply’, the European Union is expected in the longer term to become increasingly dependent on gas imported from non-EU sources of supply.”(European Council 2004)

Nevertheless, it clearly shows us that the EU gives more attention to the increase dependency upon external supplies. The directive also went further in securing gas supply. In Appendix it contains “Non-exhaustive list of instruments to enhance the security of gas supply” which prescribed member states to use among other instruments provision of pipeline capacity enabling diversion of gas supplies to affected areas and diversification of sources of gas supply (European Council 2004). These points can be regarded as direct threat to Russian security of demand (Larsson 2007: 61). These concerns are easy to understand since Russian state budget is highly dependent upon selling energy and natural gas in particular.
Thus, not accidently, Russian government became highly concerned with privatization of gas companies which undermine the state capability to use energy as a tool in foreign policy. There was mounting evidence that Russia was seeking to use its massive energy resources for political purposes. President Putin made no secret that he wanted Russia to become a global energy superpower (Milov 2006: 12). These moves affected western and eastern Europe as many countries are completely, or very largely, dependent on Russian energy supplies. The ability to diversify energy imports for Europe was limited because there were few secure alternative supplies. Energy was likely to remain a key component of EU-Russia relations. Still to counter European Union efforts to diversify its energy sources Russian government needs to control or to posses gas companies as much as possible.

The discussions on the possibility of Russian use of energy as a tool in international politics began with the move towards greater state interference in the energy sector in 2003-4 (Milov 2006: 12). Before that period, the Russian authorities, at least officially, had been promoting different types of policies with regard to the energy sector, including further privatization, liberalization, and international integration of the Russian energy sector. In 2000-2001, plans were announced to liberalize prices and privatize large assets in power generation, oil and gas companies. Between 2000 and 2002, several of the major oil stocks were privatized, including ONACO, VNK, and Slavneft. Further privatization plans in the energy sector were announced, and the government had developed promising partnerships with private energy companies with regard to development of new infrastructure projects (e.g. a new oil pipeline from East Siberian city of Angarsk to Chinese Daqing, promoted by oil company Yukos) (Smith 2006: 2).

The change in attitude began in early 2003 when the state refused to privatize the last major state-owned oil company, Rosneft, which was the initial intention of the reformers in the Kremlin. If Rosneft was privatized, the share of state-linked oil companies in oil production would have fallen from just below 15% in 2002 to well below 10%, leading to nearly full private ownership of the oil production sector. But others in the Kremlin were keen to see Rosneft develop as a national oil company (Milov 2006: 12).

To achieve this goal, it needed to expand as its assets were limited. Such expansion began with the controversial acquisition by Rosneft of the oil company
Severnaya Neft. Through this takeover, Rosneft gained support from important decision-makers in the Kremlin. The takeover also led to an escalation of relations between the management of Rosneft and Yukos. At the same time, the political wing of the Yukos attack had been escalating, Rosneft had pursued further attempts to acquire certain oil assets in Eastern Siberia, which had included certain legal disputes with Yukos (Smith 2006: 2). A certain momentum had started to develop around Rosneft that had a lot to do with establishment of a more powerful state-linked oil company through a new wave of mergers and acquisitions of private businesses. But the expansion of the state-owned Russian energy sector did not end here. In early 2003, Russian authorities had clearly denied the possibility of constructing a privately owned 1-2.5 million barrels per day (mbd) export oil pipeline from Western Siberia to Murmansk, as suggested by four Russian private oil companies (Lukoil, Yukos, TNK and Sibneft) (Muller-Kraenner 2008: 43-44) which were searching for ways to resolve the problem of limited Russian oil pipeline export capacities in order to support oil production and exports growth. The market restructuring of vertically integrated monopoly Gazprom, which was on the reformers’ agenda during the first years of Putin’s presidency, was officially banned by President Putin himself. It was replaced with quite the opposite intention to formally buy back state control in Gazprom. Power sector reform that had included liberalization and privatization plans had clearly slowed down (Milov 2006: 13).

The Russian biggest oil company Yukos was nationalized by the state in late 2004, when the key oil production asset of Yukos, Yuganskneftegaz, was taken out of the company through court decision and, after a controversial ‘auction’ in December 2004, ended up under the control of Rosneft. At the same time, the merger of Gazprom and Rosneft had been announced. Although it had never turned into reality, the state had formally bought back the controlling equity stake in Gazprom in December 2005 and now effectively controls over 50% of the company (Monaghan 2007: 4). Since 2004, the state had been officially prohibiting the construction of private trunk oil and gas pipelines, and had openly announced its intention to prohibit foreign ownership of 50% and more in companies developing ‘strategic’ oil and gas fields (Belkin 2008: 85).

In late 2005, Gazprom had bought back the 95% stake in Sibneft. In early 2006, Yukos bankruptcy procedures had started, before which Rosneft apparently
bought a large part of Yukos’ debt. Now, during the bankruptcy procedures, it acts as the key creditor of the company – which means that the company is set for more new acquisitions.

Thus, obviously, Russia’s assertive energy diplomacy cannot be delinked from the abuse of good governance and market principles internally. Far from breaking up Gazprom, as he originally promised, Putin has come increasingly to rely on and support the latter as a vehicle for projecting Russian influence (Monaghan 2007: 6). The political backing for Gazprom has certainly sufficed to give the latter a striking international self-confidence (Youngs 2008: 12).

4.3 EU’s growing concerns

The new wave of problems came in 2004 when Russia suspended gas supplies to Belarus. This row provoked lots criticism of Russian energy policy and Russian political tools. Scholars argue that this conflict contribute to politicization of energy supplies (Radoman 2007: 36). But besides gas conflicts with transit countries Russia also acted in another sphere to reach its security of demand – blocking other ways for diversification of energy supplies to the EU.

In 2004 Russia continued to use energy as a tool of political pressure to Belarus, and as a consequence Poland and Lithuania suffered supply disruptions in 2004 from the Kremlin’s politically motivated attempt to take over Belarus’ gas pipeline system (Smith 2006: 2). In January 2004, after failing to reach agreement with Belarus leaders on control of Belarus gas pipeline company Beltransgas, Gazprom switched off gas supplies at the start of the calendar year, arguing that the old contract had expired and Belarus had not accepted new price conditions for Russian gas supply to Belarus (Muller-Kraenner 2008: 48). The price issue was always used as a key public explanation; however, during negotiations, Moscow had clearly indicated that increasing gas supply prices would be held back if Belarus became more flexible over the pipeline control issue. The supply disruption brought an immediate response from the Belarus government that had began redirecting gas supply to the wider European market to its domestic
(Belarus) market, so disrupting supply to gas consumers in Lithuania, Poland and even Germany (Milov 2006: 16).

The important lesson from this story is the obvious evidence of the mutual interdependence of Russia and the transit countries: there are no mechanisms for protecting the transit stability of Russian gas to Europe should there be major disagreements between Russia and transit countries. In the Belarus case, Gazprom was forced to switch the gas back on because it had no counter to Belarus government actions to redirect Russian transit gas to Belarus consumers.

Legally, Gazprom’s position had been always very weak, since it has been basing all its energy relations on the post-Soviet space on bilateral government-to-government agreements, rather than on a clear international legal regime with a fair system for dispute resolution. From a pure legal point of view, it is very hard to prove that Belarus’ actions violated any legal terms.

In late December 2005, Russia’s gas monopoly, Gazprom, again temporarily suspended gas flows to Ukraine as part of a dispute over gas price increases. Within hours of the shutoff, several European countries, including Austria, Italy, Poland, and Germany, reported drops in their own pipeline pressure by as much as 30 percent. The gas crisis lasted only a few days, and after Russia and Ukraine reached an agreement on gas prices, gas was flowing normally again.

In January 2006, Russia repeated the gas supply cut-off scenario with supplies to Ukraine. Again, European consumers suffered, but this time on a much larger scale: shortages of gas were felt in a dozen countries, including Germany and Italy. Again, after a few days, Moscow was forced to switch the gas back on as, again, there no mechanisms for protecting transit security in the event of soured relations with the transit country, and Europeans quickly showed their negative reaction to Gazprom’s action (Pirani 2009: 2). Some scholars argue that from that point the politicization process entered in its final stage (Radoman 2007: 38-39). The reaction of the EU to the brief halt to Russian gas supplies in 2006/2007 is witness to the possible consequences of the politicization of this matter. Russia was accused of using her energy supplies as a tool with which to intimidate other states in order to achieve her foreign policy goals. Even though Russia described these actions as exclusively economic in nature, the countries that they affected assessed them as being a device with which to achieve not only economic but also political aims (Radoman 2007: 39).
Both cases seem to prove that, first – Russia is quite ready to use supply disruption as an instrument for achieving certain political goals, and, second, that knowing of the difficulty of resolving the long-term problem (reliability of transit), Russia is ready to ignore the long-term consequences of short-term demonstrative use of force. References to the desire to ‘transfer to market pricing’ in relations with the post-Soviet countries seem irrelevant. First, there is no transparent international market price of gas, and the conditions of the long-term wholesale gas supply contracts between Gazprom and Western European countries are so confidential that they cannot be referred to as ‘market prices’ since information on prices under these contracts is not publicly available and cannot be independently verified.

Second, by no means can one call a firm price (not the market-linked price formula, but the specific firm price) as stated in a contract between two government-owned companies a ‘market’ price. Third, the ‘weight’ of the importance of transit conditions seem, in reality, to matter much more to Gazprom, particularly in the Ukrainian case: while gas supply volumes make up just about 20 bcm (billion cubic metres) of Russian gas, the transit volume makes up to 130 bcm of Russian gas, nearly all European exports.

In this case, transit topics and fees should matter much more to Gazprom than the price of gas supply to Ukraine. This was even officially recognized by one of Gazprom’s deputy CEOs, A.Ryazanov, at a briefing on 7 June 2005 in Moscow, when he described previous agreements with Ukraine as ‘very advantageous’, despite low supply prices, because Gazprom had been provided with one of the lowest gas transit fares in Europe (Milov 2006: 16).

So, if the issue was about prices, the best approach should have been negotiation and legal dispute resolution. But Moscow had demonstrably ignored the opportunity for negotiations, insisting on tripling gas supply prices to Ukraine. When Kyiv showed some signs of being willing to negotiate price increases, Russia then lifted the previous price by 4½ times. The Kremlin clearly wanted to flex its muscles. The crisis was temporarily settled on 4 January 2006 when a controversial agreement was signed between Russia and Ukraine, under which both parties agreed to transfer certain rights to a mysterious intermediary, Rosukrenergo. Gazprom had given Rosukrenergo the opportunity for re-export of
15 bcm of gas imported from Kazakhstan and Uzbekistan, and which was completely owned by Gazprom beforehand (Muller-Kraenner 2008: 39).

Rosukrenergo, under a new agreement, had also received very advantageous conditions for transit and use of underground storage facilities on Ukrainian territory. There were also prospects for access to Ukrainian end-user supplies. The ownership structure is unclear, but it appears that, one way or another, certain top policy makers in both Russia and Ukraine are somehow involved as beneficiaries of the company. This is another form of ‘political engagement’ which is probably part of broader tactics about the post-Soviet space. Through such individually beneficial agreements, the Kremlin can ensure that some top politicians in neighbouring countries are under some control by Moscow (Milov 2006: 17).

The agreement did not settle the fundamental problem as the level of prices that as been set expires on 1st July 2006, and there is pressure from various Ukraine politicians calling for review of the agreement. Rosukrenergo’s access to Ukrainian gas end-users precedes slowly, many important issues in Russia-Ukraine gas relations have not actually been touched by the agreement, and, in general, the lack of mutual trust between the two countries cannot create a sustainable agreement based on individual interest. So, one can expect further turbulence in gas relations between Russia and Ukraine, particularly anticipated political developments such as Ukraine’s expected membership of NATO this autumn.

The Belarus situation also appears to be approaching a second crisis points. When Russia pressed Ukraine, Moldova, Georgia, the Baltic states and Armenia to accept increased gas export prices (to above $100 per bcm at the end of 2005), Belarus was seemingly treated differently. Gazprom had agreed to retain a gas price of about $47 per bcm, considered by many as a sort of ‘political loyalty reward’. But, after the presidential elections of March 2006 which re-elected Alexandr Lukashenko, Gazprom demanded that the gas supply price for Belarus should rise to above $200 per bcm from 1st January, 2007, and that control of Beltransgas should be transferred to Gazprom. It is difficult to believe that Lukashenko would accept such conditions, and Gazprom again want any mechanism for protecting European gas transit in the event supplies to Belarus are cut (Milov 2006 : 18). In January 2007 the gas supply to Belarus was also cut as
she failed to comply with the demand that she pay four times more than the 47 dollars per unit of as she was paying until then (Radoman 2007: 40).

Thus, we can see that Russia tries to do its best to get control over gas infrastructure in transit countries. This gives very persuasive grounds for the EU to believe Russia is absolutely ready to use its energy power as a weapon to reach certain aims in foreign policy. These conclusions testify about the existence of so called ‘energy dilemma’ for the EU. While it tries to make gas supplies secure through decreasing its dependency from Russia in the issue, Russia in its turn tries to guarantee security of demand for itself in the EU through depriving the former to use other sources of natural gas than Russian.

As it was argued in the beginning of the section this is not the only way Russia threaten EU’s security of supplies. Even if the Russian Federation gain control over gas pipelines in Ukraine and Belarus the EU can still make itself less dependent (or even completely independent) from Russian gas supplies through alternative pipelines for example Nabucco (Muller-Kraenner 2008: 48). Since this pipeline is supposed to go through Hungary and Balkan countries Russia tries to get control also over gas markets in these countries. Gazprom’s strategy is to establish permanent control of the Hungary/Balkans markets before Caspian gas can reach them through the proposed Nabucco pipeline (Belkin 2008: 86). Some scholars believe that Gazprom will try to convince other nations that agreed to fund the Nabucco pipeline to withdraw their commitments and rely on the South Stream pipeline instead. South stream pipeline will, if completed, ling Bulgaria via Serbia and Hungary with one of Europe’s major gas hubs in Austria. Russia has already signed bilateral agreements with Serbia, a traditional ally, and the EU member state Hungary. South Stream directly competes with the EU sponsored Nabucco pipeline project. Two trans-Balkan gas pipelines will not be economically feasible. Therefore the geopolitical tug of war between Russia and the EU continues (Muller-Kraenner 2008: 48).

But despite alternative pipelines there also another way for the EU to get gas – liquefied natural gas transported by ships from Northern Africa namely Algeria and from Latin America. The EU already gets some part of its imported natural gas from Algeria and it is possible to increase volumes. But Russian energy giants have even begun poaching on foreign territories. In June 2006, for instance, Gazprom announced that it would invest up to two billion dollars in the natural
gas industry of Bolivia in the Andes Mountains, which had only recently been
nationalized by force. Negotiations over compensation with the former investors
from Spain and neighboring Brazil had not even been finalized. Gazprom wishes
to become active in Algeria and Libya as well, traditionally the region of French,
Italian and German companies (Muller-Kraenner 2008: 49).

The last option for the EU to diversify its gas supplies is Iranian gas. Despite
political instability this option attracted the EU since Iran had the second largest
gas reserves after Russia and was able to give considerable amounts of natural gas
to the EU. But again this threat to Russian gas exports was quite skillfully
neutralized by Gazprom. On 15 June 2006, Putin announced at a conference in
Shanghai that he would support the construction of a new gas pipeline from Iran
via Pakistan to China. Iran could then direct it gas supplies instead of the EU to
China and would no longer be a competitor to Russia (Muller-Kraenner 2008: 51).
In such a way Russia can ensure its control over the gas market of Central and
Southern Asia through merging of the Iranian and the Russian gas pipeline
network.

The halt of gas supplies to the Ukraine and Belarus has been evaluated, both
by analysts and EU officials, as a signal from Moscow that it won’t benevolently
sit by and watch the change in foreign-policy orientation of the countries of the
former Soviet Union (Radoman 2007: 40). Moscow has, however, described its
actions as being wholly of an economic nature. The announced price-increases
mark the end of an era (since 1990) during which the countries of the former-
Soviet Union could buy their oil and gas from Moscow for price significantly
below that dictated by the market. The Russian ministers of finance and economy
endeavored to keep the debate within the economic playing field by emphasizing
that the price increases are of economic, and not political, significance (Putin
2006). They highlighted that one of the conditions for the acceptance of Russia
into the World Trade Organization is the harmonization of energy prices with
those on international markets by 2011. The increase of gas prices within Russia,
they claim, cannot possibly come before the increase of prices for neighboring
countries which, until recently, were paying significantly lower prices (Putin
2006). At the same time, the Russian president, Vladimir Putin, endeavored to
convince his European colleagues that Russia is a dependable partner to the EU,
that stability and predictability of the system of energy security is in the interests
of both parties. Also that, “Russia will use the market, and not politics, as the basis for its relations with all countries.” (Radoman 2007: 40).

In this fashion the politicization of the problem has been a factor in contributing to the situation in which energy security is discussed on two levels (economic and political), using both economic and political arguments and with divergent interpretations of the concept of energy security. For the countries of the European Union, security of supply would be achieved if Russia would allow foreign companies access to its resources and if she would allow competition in her energy sector, which is currently, dominated by Gazprom and Rosneft. Conversely, for Russia security of demand would be achieved by obtaining control over gas infrastructure around the EU – mainly Belarus and Ukraine, but also Hungary and Balkans. It also becomes active participant in gas issues in Northern Africa. As conflicts during 1991-2007 show Russia does its best to reach this goal. Attempts to attain security of demand by Russian Federation coincided (not accidently) with EU’s attempts to diversify its gas supplies. Thus, so far EU attempts to make energy supplies from Russia secure did not give any positive result in EU-Russia relations. Moreover it is possible to argue that those attempts only contribute to cold confrontation between the EU and Russia in the energy issue.

4.4 Securitization?

The most recent and probably the most serious threat to the gas supplies to the EU was the last gas conflict between Russia and Ukraine in December 2008-January 2009. This incident can be regarded as the one which can lead directly to securitization of gas supplies in the EU. This time the disruption was the longest one and affected seriously several member states in the EU. The row deserve special attention since it can clearly shows current tendencies in Russian foreign policy in the sphere of energy and possible consequences for the EU foreign policy in the area of gas supplies.

The dispute between Gazprom and Naftohaz Ukrainy grew intense in November–December 2008 over old debts and new prices. By New Year’s Eve,
no agreement for gas deliveries from Russia to Ukraine in 2009 was in place. The Russian side used this situation as a justification to diminish gas volumes delivered to Ukraine, seeking to send Europe’s gas through the pipeline while depriving Ukraine of any flows (Westphal 2009: 15). In the following days, mutual recriminations resulted in a deadlock, and from 6–7 January on, the gas pipelines went dry. Only on 19 January, both sides announced that they had resolved the dispute (Pirani 2009: 3).

But was the row solely about the prices and debts? We believe that there were some hidden motives behind it.

It is necessary to know that during 2008 Ukraine conducted its foreign policy in “anti-Russian” direction. It declared its will to join NATO and nevertheless it got temporal negative response on NATO Bucharest Summit in April 2008, Ukrainian politicians continued to confirm Ukraine’s readiness to join the organization (Myers 2008). No wonder that such actions bothered the Russian Federation which warned Ukraine against joining NATO and even threatened with redirecting missiles towards Ukraine (Ryan 2008).

Despite NATO ambitions Ukraine also required from Russia to start preparation to withdraw its Black Sea from Ukrainian territory. According to the Russian-Ukrainian agreement signed in 1997 Russian Black Sea fleet may stay in Sevastopol (Crimea, Ukraine) till 2017. But the closer the date is the more often Russian politicians argue for prolongation of the agreement. Logically Ukrainian demand provoked much of discontent among Russian state leaders (Oxford Analytica 2008).

Finally, Ukraine supplied Georgia with weapon before the war in South Ossetiya began. This well-known fact since it was done officially. Nevertheless it contributed to discontent among Russian state leaders by Ukrainian foreign policy.

Thus, during 2008 Ukraine gave enough grounds for Russia to apply severe measures to Ukraine during the gas conflict. The Russian behavior can also be explained in a way that people in the Russian government hope that, by embroiling Europe in the dispute, a new modus operandi can be established for the Ukrainian pipeline system (Pirani 2009: 4). Much of what Europeans usually term Russian supply risk is actually Ukrainian transit risk, and that concerns Moscow. Ukraine’s readiness to divert gas bound for Europe, as it did in 2006,
has been a trump card in negotiations. On the one hand, Russian suggestions that Ukraine might relinquish control over the system to pay its gas debts, as Belarus did, meet blanket and understandable political opposition in Kiev. On the other, Naftogaz has failed to raise money to refurbish the system, and struggles even to maintain it. Gazprom managers, in response to what they see as an intractable obstacle, after 2006 pressed ahead with projects such as the North Stream and South Stream pipelines, aimed at reducing transit dependence on Ukraine. But these won’t be ready for three more years at best, and won’t cut out Ukraine all together even then. For Moscow, control of the Ukrainian network remains the favored option.

Therefore, even the recent Russian-Ukrainian gas row shows Russian readiness to use natural gas as tool in foreign policy. As some scholars argue Russia that Ukrainian gas infrastructure remains attractive for Russia.

The EU reaction on gas disruption was quite fast and decisive. During his speeches before the European Parliament the President of the Commission emphasized several times the necessity to take immediate and effective measures to solve the problem of gas supplies for the EU. What it was a first step of securitization or final step in politicization is a question for another work. But mentioned measures were taken and it is possible to call them extraordinary. Thus, the process of securitization of gas supplies was started.

On March 23 2009 President Barroso at the Conference on modernization of Ukraine’s Gas Transit System clearly expressed EU’s readiness for serious measures to be taken:

“So I am very glad to say that the Commission, the Government of Ukraine and representatives of three International Financial Institutions – the EIB, the EBRD and the World Bank – will shortly sign a joint declaration to move forward together on the key tasks of reforming the Ukrainian gas sector to bring it into the EU’s internal energy market and for modernising the Ukraine gas transit network” (Barroso 2009).

The Declaration was signed and it is not difficult to predict Russia’s reaction after it was not invited to participate in discussions and final signing of the Declaration. Very shortly after the document was signed Gazprom demanded
European cooperation on the Ukrainian gas sector, saying the transit system was inextricably linked to Russian export markets (United Press International 2009). Russian Prime Minister Vladimir Putin expressed outrage over the EU-Ukraine deal, saying it may be time to review relations with Europe (Ibid). The current economic crises makes Russia more concerned about EU-Ukraine deal and probably even hostile towards the project since it is unlikely that Gazprom will be able to afford the $20 billion South Stream project, and Nord Stream is also under financial pressure (Riley 2009). Thus, extraordinary measures taken by the EU to make gas supplies secure, inevitably make Russia to take appropriate measures to secure gas demand which is extremely important for Russia as its foreign policy during 1991-2009 in this area shows. One may wrongly suppose that Russia has nothing to response with to the EU’s measures like signing gas deal with Ukraine. Russia has threatened to reroute its supplies eastwards, towards China and Japan. This is partly an empty threat, as Russia lacks the transport capacity to do so in the short-term perspective. However, it might have an impact on the margin and in the medium-term perspective Larsson 2007: 10).

When it comes to the last alternative the EU can use – Iranian gas, Russia is also maintaining its presence here. On July 13 2008 Iran and Russia's Gazprom signed energy cooperation deal, according to which Russia will help Tehran develop its oil and gas fields (AFP 2008). So, in that area still there is not much room left for the EU to negotiate. 2006 Russian-Iranian gas deal (see section 4.3) and the new agreement signed in 2008 ensured stable Russian influence in the region leaving the EU outside Iranian gas supplies.
5 Conclusions

This paper is an attempt to analyze securitization of gas supply and its possible consequences. As a case we have analyzed gas supplies from Russian federation to the EU starting from 1991 and tried to predict possible consequences of securitization of the gas supply by the EU for EU-Russia relation in the sphere of gas supply and demand. A theoretical framework was created where we explained and to some degree elaborated on essential concepts of security in general, securitization, security of supply and security of demand. We have also explained so called ‘energy dilemma’ in theoretical framework section.

In the analysis chapter we found out that Russia was ready to use and actually used energy as a tool in foreign policy during 1991-2000 to regain the control over former Soviet gas infrastructure and pressed former Soviet republics such as Ukraine and Belarus to compel them to relinquish gas infrastructure. Such behavior provoked worries in the EU which resulted in adopting Green Paper – Towards a European strategy for the security of energy supply (European Commission 2000). This document led to numerous debates over the issue that can be considered as a stimulus for politicization of gas supplies to the EU.

We found out that while the EU tried to take government decision and to diversify its gas import during 2000-2005, Russia strengthened its control over gas production inside the country by nationalizing gas companies. We came to conclusion that these events were interconnected. In other words EU’s attempts to diversify its gas supply led only to increase of Russian decisiveness in gaining control over gas infrastructure around the EU and nationalizing private gas companies in Russia.

During 2004-2008 Russia concentrated on gaining control over gas infrastructures in former Soviet republics mainly in Ukraine. Gas rows between Russia and Belarus/Ukraine which led to temporal disruptions of gas supplies to the EU gives us a good example of using energy as a tool in foreign policy. Moreover, after the EU started developing other ways to get natural gas Gazprom increased its presence in the respective areas, trying to make gas demand secure. Again, EU actions on decreasing gas dependency from Russian gas supplies as a
result of politicization led only to increasing ‘cold’ confrontation between Russia and the EU.

The recent gas row between Ukraine and Russia, which can be regarded as an existential threat to gas supplies to the EU, can lead to direct securitization of the issue and extraordinary measures. The EU is already taken a measure that goes outside of normal politics – signed a gas deal with Ukraine on including Ukrainian gas infrastructure into EUs and incorporating Ukraine into EU’s internal energy market. This provoked discontent among Russian politicians and even threats to review EU-Russian relations in the sphere of energy.

Thus, we would argue that securitization being described as a bad thing by the authors of securitization theory (Buzan et al 1998: 29) can lead to negative consequences in case if EU gas supplies are securitized. Analysis of Russian foreign policy during 1991-2009 clearly shows us its main principles. The most vital thing in the sphere of gas exports for Russia appears security of demand. The analysis shows that Russian Federation can easily use energy as a tool in achieving that thing. Therefore securitizing of gas supply by the EU and taking extraordinary measures can lead only to prolongation of EU-Russia gas confrontation and even deterioration of bilateral relations. Since at least in medium-time perspective Russia can redirect its gas exports from Western Europe to Asia (China mainly) and leave the EU without gas supplies the EU should treat the securitization of the issue very carefully and probably even abstaining from it.
6 Suggestions for further research

The work can serve as a good foundation for further research. First of all, the paper can be used in elaborating on securitization and its consequences. It can serve both as an empirical evidence of negative consequences of securitization and as theoretical explanation. Since the paper is a case study its results can not be applicable in other cases but it can be used in comparative study of securitization consequences. But mainly the work can serve as a ground in analysing remedies to EU’s gas dependency from Russia. For example one of the possible ways for the EU to solve the problem may lie within the sphere of normal politics – cooperation with Russia. The EU may act like Russia when it neutralized its competitor – Iran. The EU can propose Russia financing Russian-Chinese gas pipeline in return of cessation of Russian presence on Algerian and/or Latin American gas markets.
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