



From European to Eurasian energy security: Russia needs and energy *Perestroika*

Pavel K. Baev

Peace Research Institute, Oslo (PRIO), Norway

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ABSTRACT

Political attention in Europe and the US to the problem of energy security has significantly diminished, and there is more to this shift than just the impact of financial crisis in the EU and the effect of the 'shale gas revolution'. In the middle of the past decade, some fundamental decisions were made in the European Commission regarding the liberalization and diversification of the energy supplies, but the economic underpinning of these decisions has vastly changed. The whole set of energy directive is now pointing in the wrong direction, but rethinking of past mistakes is lagging, so the energy policy is left in its bureaucratic 'box'. Russia is set to remain locked in the European gas market but is very slow in adapting to the changes in it. Both Russia and the EU remain in denial that the time for their energy-geopolitical games is over as the nexus of energy flows is fast shifting to Asia-Pacific.

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1. Introduction

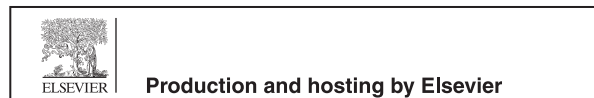
The issue of securing reliable energy supplies for the fast-expanding global demand has until recently appeared a definite political priority and a rewarding target for academic research for years to come. William Blake's beautiful line – 'Energy is eternal delight' – inspired many a clever word-producer and as many a paper-pushing bureaucrat. The choice of arguments in support of focusing attention on this seemingly inexhaustible problem was appealingly

wide: From scarcity of oil to evil intentions of key suppliers. Yet the intensity of discussions on the whole range of related matters that are supposed to have direct and sustained impact upon national security of every established and emerging global power has distinctly slackened since the start of this decade. The topic has gone out of vogue in the research projects advanced by the most political weather sensitive think-tanks, from CER and IISS in London and CSIS and Brookings in Washington to the one in which this author has been fund-raising for the past 20 years.

Such attention swings are a norm in the ever-changing field of political fashion, but there may be more to the de-prioritization of energy than just exhaustion of the main lines of analysis. From a purely pragmatic point of view, one would expect the thinking efforts to follow the oscillations in the notoriously unpredictable global energy market, but the current dissipation of interest happens while the oil prices stay on the elevated plateau of about \$US 100 per barrel – and it has not been reignited by the spectacular and

E-mail address: PAVEL@prio.no.

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totally unexpected turbulence in the Arab world since the start of 2011. The new economic reality that takes shape as the severe crisis of 2007–2009 comes back with vengeance centered on the EU financial mechanism determines the middle in political guidelines-drawing. The money flows is now the main source of anxiety, but a re-examination of the hype and fuss over the generally unexciting matters of prospecting for, and transporting of hydrocarbons might yield some useful lessons.

The great concentration of political efforts on regulating the energy business, which has produced few positive results, could be taken for a case demonstrating the workings of the 'securitization' theory formulated by Ole Wæver's 'Copenhagen school' back in the mid-1990s.¹ His idea about the political mechanics of elevating an issue from its normal context and making it into a national security concern, to which common economic or any other sense doesn't apply, is indeed elegant and has more explanatory value than most politicians are prepared to admit. There is, however, far more to the making and un-making of energy security than a 'speech act', and the interplay between national, trans-national, and international actors involved in the deceptively simple demand-supply balancing act is too complex to fit into any theoretical framework.

This article will not attempt to conceptualize the energy policy-making but will aim at examining the evolution of its elevation to the national security plane supporting each distinct phase with a mini-case study.

2. The early 2000s: interplay of diverging oil interests

It was hard to imagine in the late 1990s, when oil prices 'recovered' to about \$US 20 per barrel and demand in Asia and in Russia was still depressed by the contraction caused by the now overshadowed financial crisis, that energy could become a major security concern.² Yet ten years later, the discourse of 'energy security' was so firmly entrenched that experts treated oil- and gas-related issues as naturally belonging to the domain of national security and constituting a major source of conflict in the international system.³ Another five years later, the dogmas of 'energy security' are not challenged as departing from the real content of international relations but rather relegated to the 'no-action-required' category.

Taking a step back from the current lull in the debates and their recent blossoming, it is possible to establish that the crucial event in propelling the 'energy security' theme to the top of the list of political mega-problems was the terrorist attack universally known by the numerals '9/11'. There is no need to elaborate on the transformative impact of that act of unconventional war on the US foreign policy making but the impact on the energy business is far less obvious. The shocking attack added a new twist to the old

US longing for 'energy independence' focusing it on the security risks coming from the massive transfer of wealth to the Arab monarchies and dictatorships.⁴ The urge to break this trend was a factor in the disastrous decision to invade Iraq, which caused serious distortions in the energy markets driving fast climb of the oil prices. This unintended consequence carried the debates a step further sharpening interest in and demands for alternative and renewable sources of fuel. The 'green agenda' had uniquely high profile in the 2004 US presidential elections, and the defeat shifted its momentum toward Europe, as symbolized by the awarding of the 2007 Nobel Peace Prize to Al Gore.⁵

Another actor that discovered the value of 'securitizing' the energy business in the first half of 2000s was Russia where President Vladimir Putin was reshaping Yeltsin's political heritage into a tightly centralized system of bureaucratic control. Initially, he entertained ideas about an 'energy dialog' with the US, but the steady increase of export revenues allowed him to set the more ambitious goal of building an 'energy super-power'.⁶ The turning point was the brutal Kremlin attack on the top Russian oil company *Yukos* resulting in its expropriation and imprisonment of its owner Mikhail Khodorkovsky.⁷ Continuing inflow of Western money convinced Putin in the great benefit of control over the energy sector and in Russia's irreducible advantage as the major supplier of hydrocarbons, so he made the 'energy security' topic one of the key issues of his much-valued chairmanship in the G8 in 2006.⁸

Characteristically, the OPEC – the usual suspect in making oil into a 'weapon' – did not play any noticeable role in defining the hypothetical supply shortages as security concern focusing instead on the usual technicalities of quota distribution but adjusting its perceptions of 'fair' oil price from the modest \$US 20–25 per barrel to the more interesting figure of \$US 50. China was also carefully securing long-term sources of supply, first of all in Africa, for its growing oil demand without making any fuss about it.⁹ It was the cumulative even if totally uncoordinated effort of interventionists (as well as neo-cons in and around the first Bush administration), environmentalists (gravitating more to the Democratic party) and 'peak-oil'

⁴ The power of this old idea is perceptible from a visit to the 'American Energy Independence' website (<http://www.americanenergyindependence.com/home.aspx>); for a devastating criticism see Bruce (2008).

⁵ A useful overview of the energy-related debates at that time can be found in Kalicki and Goldwyn (2005).

⁶ The high point of 'energy dialogue' was the US-Russia Commercial Energy Summit in Houston, as presented in the *Baker Institute Study 21* (February 2003, accessible at http://www.rice.edu/energy/publications/PolicyReports/study_21.pdf). I examined the rise of the 'energy super-power' idea in Baev (2008).

⁷ This poorly legitimized persecution continues to bedevil Russian politics; current developments can be followed at the Khodorkovsky's website (<http://www.khodorkovsky.ru/>). The impact on the Russian energy policy is examined in Sixsmith (2010).

⁸ The *Global Energy Security Action Plan* approved at the G8 Strelina summit was appropriately full of wishful thinking on harmonizing the 'security of supply' with 'security of demand' and forgotten in the matter of a few months; see Lesage, Van Der Graff, Westphal (2009).

⁹ International Energy Agency in its *World Energy Outlook, 2007* made a good assessment of China's steady growth impact on the oil market, getting most other impact factors seriously wrong.

¹ The fundamental work on this theory is Buzan, Wæver, and De Wilde (1998). Personally, I like best his chapter 'Imperial Metaphors: Emerging European Analogies to Pre-Nation-State Imperial Systems' in Tunander, Baev, and Einagel (1997, pp. 59–93).

² One perceptive analysis from that time is Morse (1999).

³ One academically accomplished protagonist of resource conflict is Michael Klare (2008).

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