

The security implications of Europe's energy thirst



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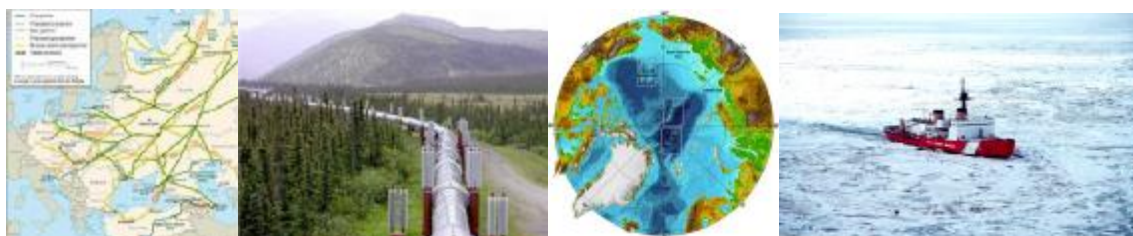
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THE SECURITY IMPLICATIONS OF EUROPE'S ENERGY THIRST

Monthly Roundtable – Monday, May 25, 2009

Bibliothèque Solvay, 12:00-13:30



Energy security is quickly becoming a growing concern for ESDP as strategic powers China and India rapidly increase their energy consumption without the ability to develop reliable and affordable alternatives to oil and natural gas. Most European allies believe there is a solution to be found in market negotiations; however energy security is also prominently on NATO's radar. With both Georgia and Ukraine aspiring for NATO membership, how does Russia's emergence as the primary purveyor of natural gas for the European market affect stability in the region? How will the proposed Nabucco pipeline from the Caspian Sea affect strategic relations with Russia and its planned South Stream pipeline? Should the West respond to Iranian threats to use energy for political gain when many experts recognise that Iranian resources are economically best suited to source the Nabucco pipeline? An increasing number of states are claiming jurisdiction over great swathes of open sea in the Arctic – what are the security implications involved? How must NATO and EU states respond to Russian and Chinese interests in the new race to Arctic energy?

Adele Airoidi, former Principal Administrator, Environment, Council of the European Union

Vaclav Bartuska, Ambassador-at-Large for Energy Security, Czech Republic

Jo Georg Gade, Assistant Director for Plans and Policy of the International Military Staff, NATO

Jan Kopernicki, Chairman, Oil Companies International Marine Forum

Alexander Krestiyarov, Deputy Head, Mission of the Russian Federation to the European Union

Salome Samadashvili, Ambassador, Mission of Georgia to the European Union

Jean-Arnold Vinois, Head of Unit, Energy/Security of supply, DG TREN, European Commission

A debate moderated by SDA Director **Giles Merritt**.

Panel Discussion



Last winter's energy crisis, when Russian gas delivered to the EU via Ukraine was cut, severely depleting Europe's supplies just as temperatures were plummeting, brought the EU's dependence on Russia into sharp focus. Russia supplies around 25% of the natural gas used in Europe, with around 80% of the gas delivered via Ukraine. Currently, the EU does not have a single, united approach to its future energy security. The recent high-level roundtable organised by the **Security and Defence Agenda** (SDA) in Brussels on 25 May, entitled *'The security implications of Europe's energy thirst'*, concluded that Europe's lack of a coherent strategy needs addressing. The event highlighted the fact that Europe will remain dependent on Russia's energy supplies, despite the energy potential of the Arctic, for the foreseeable future. Speakers on the panel included **Vaclav Bartuska**, Ambassador-at-Large for Energy Security, Czech Republic; **Alexander Krestianov**, Deputy Head, Mission of the Russian Federation to the European Union; and **Salome Samadashvili**, Ambassador, Mission of Georgia to the European Union, giving rise to a heated debate.

Giles Merritt, SDA Director and roundtable moderator, pinpointed the issue to one of security of energy supply. Brussels and Moscow are striving to find a "new balance"

since the pipelines that Europe depends on run through parts of the world that the EU considers its "neighbourhood", while Russia labels the region its "near abroad", Merritt said. This situation means that there is a "far from clear political agenda" on Europe's energy security, and could affect stability in the region.



Giles Merritt

Energy resources set to come on-line due to climate change and ice-melt in the Arctic could take the heat out of the EU-Russia dependency, but **Adele Airoidi**, former Head of Division, Council of the European Union, said that the importance of such new resources, particularly outside the Exclusive Economic Zones is "questionable", at least in the short or medium term. There has been much posturing over the Arctic, mainly from Russia, the US and Canada, but significant security threats in the area appear unlikely, she said, since all circumpolar states are committed to an orderly resolution of disputes and to increasing cooperation in the Polar region. For the EU, the main issue will be defining what its contribution to Arctic cooperation will be. This will determine the

extent to which Polar states are prepared to accept the EU as a stakeholder, she remarked.



Adele Airoidi

The Arctic is brimming with “riches and potential”, said **Rear Admiral Jo Georg Gade**, Assistant Director for Plans and Policy of the International Military Staff, NATO. There are three factors in the area:

- Disputes – there is no overarching political or legal structure to mediate disagreements.
- Dangers – there could be a “scramble” for territory and resources among the five Arctic countries. An expansion of marine transportation through the area could also raise environmental concerns.
- Dimension – the vast size of the region.



Jo Georg Gade

Decisions taken in the next few years will shape the region, he said. NATO should consider its role in the region for four reasons:

- Sovereignty and solidarity
- Responsibility for security
- Protection of shipping, including transportation of oil and gas in the region

Potential terrorist threats and a potential review of NATO's defence posture and contingency plans.

While tensions in the area may rise in the future, Giles Merritt asked whether the Arctic issue pales in comparison to the EU's relationship with Russia. He questioned whether the beginning of the Arctic tussle serves a good warning that the EU-Russia relationship is fundamental to future energy security.

Europe's energy “insecurity” will be compounded by the sustained rise in the consumption of energy in China and India which is not accompanied by an ability to develop alternatives to oil and gas, **Vaclav Bartuska** said. The main problem lies in the fact that: “90% of oil and gas supplies are in the hands of nation states, and most of those don't like us,” he said. “Let's not fool ourselves; Russia is not exactly a friend,” he stated. Europe is the largest and strongest trading bloc in the world and as such it should use the power it has when it comes to energy, Bartuska claimed.

According to **Alexander Krestiyarov**, Russia is a “long-standing” partner to the EU. “It is difficult to underestimate the Russia-EU relationship,” he said. Krestiyarov called for coordination of energy strategies between



Vaclav Bartuska

the two parties, focussing on more transparency, energy forecasts, rebuilding infrastructure and boosting energy efficiency. “Russia is interested in ensuring the stability of energy supply,” he said.

Bartuska warned that Russia will continue to use its oil and gas reserves as a foreign policy tool since it has “nothing” beyond raw materials to export. “We should not be surprised at this,” he said. But we should be surprised that the EU does not have a response to this, he said.

Salome Samadashvili echoed Bartuska's opinion, adding a warning to Russia that history shows that any attempt by one player to use energy resources for political gain will end up hurting the long-term interests of that party.



Representing the European Commission, **Jean-Arnold Vinois**, Head of Unit, Energy/ Security of supply DG Tren, admitted that the EU lacks a common approach to energy security. Work started in 2005 under the UK

presidency of the EU and much has happened in the past few years, but the “main elements are still to be completed,” he said. Achieving an EU response will be a difficult process, likely to be slowed by competing intra-EU national interests, climate change considerations, and meeting the challenges of an interdependent world. “There are a lot of uncertainties, we need to keep



Alexander Krestianov

our options open,” he said. However, he noted that increasing the diversity of sources and suppliers is an important strategy. “Diversification is always good,” he said, voicing his backing for the Southern Corridor project which could see gas sourced from the Caspian and Middle East. Vinois added that the existing bilateral deals between EU countries and Russia will come to an end at some point, to be replaced by a more united approach.

On the issue of diversification, Samadashvili drew attention to the Nabucco pipeline, a project designed to bring gas from Central Asia, the Caspian region and other sources to Europe, avoiding Russia. The Russia-Georgia war last summer highlighted the need for the EU to allocate more political and economic resources to the Caspian region, she said.



Salome Samadashvili



Jean-Arnold Vinois

Georgia is a “stable and reliable transit partner; we have an interest to remain so,” she stated. “I hope Nabucco will be given due political and financial support,” she said. The creation of the EU's new eastern partnership with six former Soviet states including Georgia, is an important step towards bolstering the role of Europe's neighbours in the east, she noted. The Southern Corridor project will have the added benefits of boosting cooperation on infrastructure and transport networks, bringing the region closer to the EU, she remarked.

Shifting the focus towards energy supplies



Jan Kopernicki

delivered via the oceans, **Jan Kopernicki**, Chairman, Oil Companies International Marine Forum, highlighted the fact that world energy needs are growing rapidly, in particular as industrialisation in developing countries accelerates. Increasingly, exploration and production are moving to more challenging locations – arid deserts and frozen seas – with longer and more complex supply chains, he said. Suddenly, security of water-

borne supply is a relevant agenda item, he claimed, referring to recent pirate attacks on merchant ships off the Somali coast, East Africa. We need a political and military discussion about how to defend key trade routes, he said. On a more positive note, Kopernicki remarked that there is “considerable” cooperation between NATO, Russia, China and EU countries, inter alia, in combating pirates in the Gulf of Aden. Discussions should centre more on alliance building for the future and less on historical concepts of conflict, he said.



Question & Answer Session

From the floor **Jamie Shea**, Director for Policy and Planning, Private Office of the Secretary General of NATO, asked whether involving the private security sector in the piracy problem would help. But Kopernicki said he thought such a move could intensify conflict. Merritt asked whether or not we have the right military capacities to secure energy supplies arriving via the water. In response, Gade said that there are a variety of views on how far NATO should develop its naval military capacity. “NATO has to make up its mind, what the result will be I don't know,” he said.



Jamie Shea

Prompted by a question from the floor by **Theresa Fallon Cremonini**, an independent energy analyst, the discussion turned towards Ukraine's significant capacity to store natural gas. Krestiyarov said that, in general, Russia welcomes any move

to boost energy security, but he doubted that Ukraine has the financial reserves to pay for gas storage. It is in the "common interest" to seek a solution to the Ukraine case, he claimed. However, Bartuska said it is up to Russia to decide how it deals with Ukraine: "Ukraine is your problem and yours alone; good luck," he said.



Brigitte Hines

Speaking from the floor, **Brigitte Hines** from the United Nations Environment Programme asked the panel whether or not they saw renewable energy sources as part of the solution. Krestiyarov answered from a Russian perspective saying that Russia pays

more attention to energy efficiency rather than renewable energy. Samadashvili added that Georgia actually trades energy drawn from hydroelectric sources to Russia.

In conclusion, Merritt stated that the EU-Russia relationship is "overwhelmingly important." Bartuska said that Russia could become a good partner for the EU once Europe has agreed to a collective strategy. On the Arctic,

both Gade and Airoldi noted that NATO and the EU need to define their respective approaches to the Polar region. Lastly, Bartuska doubted that an EU strategy on its future energy security is imminent as public awareness is low. "I do not see any European visions on energy security for the next ten years," he said.



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About the Security & Defence Agenda



The Security & Defence Agenda (SDA) is the only specialist Brussels-based think-tank where EU institutions, NATO, national governments, industry, specialised and international media, think tanks, academia and NGOs gather to discuss the future of European and transatlantic security and defence policies in Europe and worldwide.

Building on the combined expertise and authority of those involved in our meetings, the SDA gives greater prominence to the complex questions of how EU and NATO policies can complement one another, and how transatlantic challenges such as terrorism and Weapons of Mass Destruction can be met.

By offering a high-level and neutral platform for debate, the SDA sets out to clarify policy positions, stimulate discussion and ensure a wider understanding of defence and security issues by the press and public opinion.

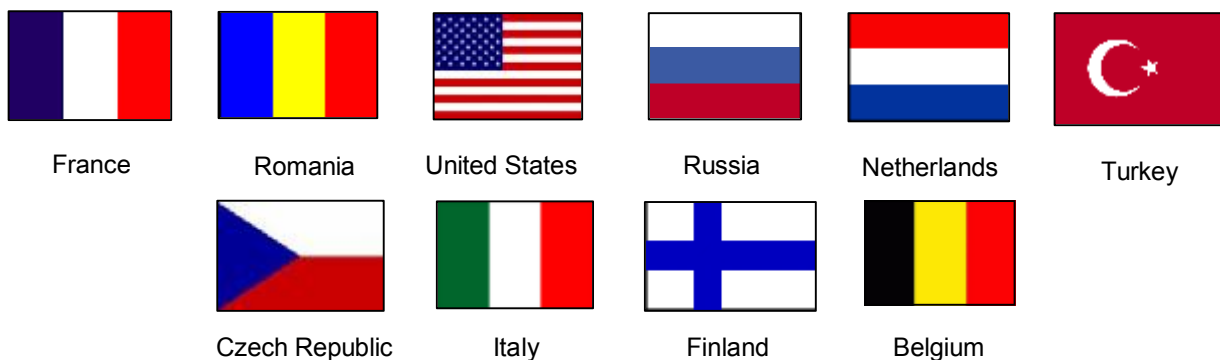
SDA Activities:

- Monthly Roundtables and Evening debates
- Press Dinners and Lunches
- International Conferences
- Reporting Groups and special events

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