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Working Paper Series

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EU-Russian Energy Relations After the 2004/2007 EU Enlargement: An EU Perspective

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CRCEES Working Papers, WP2010/01

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This CRCEES working paper is published in association with the Collaborative Research Network, Assessing Accession – Central and Eastern Europe in the EU. Please see <http://www.assessingaccession.eu> for further details.



1. Introduction

The energy dispute between Russia and Ukraine in January 2009, which left numerous European states with limited or no gas supplies over an extended period of time, has once again highlighted not only Europe's dependency on Russia for energy, but also the greater complexity of the EU-Russian relationship. This complexity is a fact, notwithstanding the insistence of both parties that their interactions are being governed by principles of a "mutual partnership", created right after the end of the Cold War and further reinforced by the signing of the first Partnership and Cooperation Agreement (PCA) in 1994. As scholars have pointed out, a multiplicity of actions undertaken by both sides have led to a gradually evolving mutual suspicion and even hostility.¹ Figuring among the major controversies are such activities as the EU member states' support for the 1999 NATO military campaign against Yugoslavia, the Russian operations in Chechnya, the recent arrest and conviction of Mikhail Khodorkovsky, and the Russian military campaign in two Georgian breakaway provinces in August 2008. In addition, EU-Russian relations have become strained as the European Union now has direct involvement in countries of its eastern neighbourhood – countries Moscow still perceives as lying in its natural sphere of influence. Most notably, the EU's involvement in the events accompanying the Orange Revolution in Ukraine in 2004 have highlighted the perceived ideological differences between Brussels and Moscow.² However, this list of events leading to more complicated EU-Russia relations would be incomplete without devoting attention to the 2004/2007 EU enlargement that led to the EU and Russia sharing a neighbourhood.

Although both Brussels and Moscow stressed the 'opportunities to further strengthen their strategic partnership offered by the enlargement of the EU,'³ the Union's widening certainly dealt a blow to EU-Russian relations. By entering the Union, the ten former Soviet republics and Soviet satellite states clearly chose the Union over Russia, opting for a pro-Western political discourse, which is not always in conformity with the politics of the Kremlin. For Moscow, this meant losing authority in its immediate neighbourhood. Furthermore, the historically negative perception of the Russian Federation in Central and Eastern European countries (CEECs) suggested that future EU-Russia relations would be even more complicated.⁴ The controversies stemming from EU enlargement were both

¹ Prozorov, Sergei, *Understanding Conflict Between Russia and the EU: The Limits of Integration* (Hampshire and New York: Palgrave Macmillan, 2006): 8.

² Feklyunina, Valentina, "The 'Great Diversification Game': Russia's Vision of the European Union's Energy Projects in the Shared Neighbourhood", *Journal of Contemporary European Research* 4, no. 2 (June 2008): 137.

³ "Joint Statement on EU Enlargement and EU-Russia Relations", (Europa.eu, 27 Apr 2004): 1.

⁴ That this was a real concern was confirmed in the negotiation process of a new PCA that is to replace the original, long-outdated treaty. The launching of these negotiations

rational and ideational. Prominent early issues included the question of visa-free travel between the EU and Russia, the matter of Kaliningrad becoming a Russian exclave, and the problem of extending the PCA to the newly acceding countries.⁵ The more ideational controversies resulted from the fact that with the Union's enlargement to the East, Russia had become the Union's "other", an object of the EU's strategy rather than a partner in an equal cooperation framework.⁶ Consequently, two divergent logics operating in the EU and Russia can be seen, diametrically opposing each other, making an improvement of their relationship highly unlikely, if not impossible. From a political point of view, we identify a "post-modern", integrationist logic in the EU, characterized by member states delegating a part of their sovereignty to the supranational organization. In the Russian Federation, however, we observe a tendency to consolidate state sovereignty into the hands of a strong Kremlin. These opposing ideologies also greatly influence the EU-Russian relationship with regard to natural resources (particularly oil and gas): the EU is gradually liberalizing its internal energy market, trying to engage Russian natural gas companies, while Russia focuses on the build-up of strong national champions in the energy sector.

The implications of these contrasting approaches for their respective energy sectors have been severe, with the most significant diplomatic quarrel between the EU and Russia concerning energy coming in January 2009. Following Gazprom's decision to stop deliveries through its Ukrainian pipelines – an effort to exert pressure on Ukraine – numerous European countries experienced a massive drop in gas deliveries. This has once again demonstrated the energy vulnerability of the European Union and its eastern neighbourhood and highlighted the need for a concerted approach towards the energy sector. Indeed, the fresh memory of this crisis, together with the looming prospects of a similar crisis which might arrive unexpectedly, have led many to call for comprehensive action to enhance European energy security. Javier Solana expressed his concern about Russia's role as a reliable energy partner, when he proclaimed that "... there is a justified concern across Europe about Russia seeming more interested in

has been halted by first Poland and then Lithuania, who exercised their right of veto. Both countries ultimately withdrew their dissent in time for the PCA negotiations to be launched at the EU-Russia summit at Khanti Mansisk, Russia, in June 2008. Nevertheless, they were subsequently halted again as a reaction to Russia's military campaign in Georgia in August 2008, before being resumed at the end of 2008. This once again illustrates the complexity of EU-Russian relations, especially after the last round of EU enlargement.

⁵ For a more detailed account of these practical problems, whose discussion would surpass the framework of this paper, please refer to Light, Margot, "Russian Political Engagement with the European Union", in *Putin's Russia and the Enlarged Europe*, ed. Roy Allison, Margot Light, and Stephen White (London: Chatham House, 2006): 49-67.

⁶ Prozorov, *Understanding Conflict Between Russia and the EU: The Limits of Integration*: 48.

investing in future leverage than in future production. ... It is up to us to avoid the kind of fragmented bilateral negotiations which leave us all worse off. A more united and comprehensive approach would enhance our bargaining position".⁷ Solana's position is further supported by the new EP President Jerzy Buzek, who calls for Europe to speak with one voice when negotiating with energy partners to enhance the EU's economic stability and strength.⁸ Whether finding one European voice vis-à-vis Russia for matters of energy security is a viable option forms an important part of this study. The overall goal of this paper, however, is to analyze the potential developments to be expected in the area of the Union's energy sector (both internal and external) and the resulting prospective changes in EU-Russian energy relations.⁹

The article is organized into three parts. The first section sets a theoretical framework for the analysis. This is followed by an examination of the current state of energy "affairs" in both the European Union and the Russian Federation. This paper predominantly adopts a European perspective, with Russian energy interests being analyzed only in the context of the overall EU-Russian relationship. Focus is placed on identifying the difficulties to be encountered internally within the European Union when designing a common energy approach towards Russia, which has only been complicated by the accession of Central and Eastern European countries (CEECs). Keeping in mind these findings, the third section puts forward four scenarios that could play out within the EU energy sector. The implications of each scenario are then assessed in terms of impact on existing EU-Russian energy relations. The article concludes by summarizing the main findings and outlining the possibilities for further research in this subject area.

2. Theoretical Discussion

Although the methodological division into four scenarios already provides a means of problematizing the question, attention also needs to be devoted to the theoretical framework that has informed this study. As the European energy sector encompasses both internal EU policy processes and matters of external EU relations with third countries, a holistic approach to the study of the Union's energy sector, which would incorporate both internal and external aspects, demands an analysis via multiple theoretical lenses. Therefore, this study draws on a few distinct theoretical approaches: on the one hand, supranational

⁷ Solana, Javier, "The External Energy Policy of the European Union", in *Annual Conference of the French Institute of International Relations* (Brussels: Council of the European Union, 1 Feb 2008): 2.

⁸ "Buzek Calls for EU 'Energy Community'", in *EurActiv* (11 Dec 2009): 2.

⁹ The term "EU-Russian energy relations" describes the bilateral (Brussels-Moscow) relationship with regard to energy matters in the broad sense. Thus, it includes official discussion and negotiation fora, such as the Energy Dialogue, but also semi-official talks and statements between individual leaders.

governance seems to be a relevant approach to assess the emergence (or lack thereof) of a common European energy policy within EU borders, on the other hand, one can trace fragments of both neorealist and social constructivist thinking in the EU's dealings with Russia in matters concerning external energy policy.

To grasp the internal developments of the European energy sector, it is possible to turn to theories of European integration, which can be placed on a continuum based on the extent to which they are informed by intergovernmental fundamentals on the one hand and supranational elements on the other. As Sandholtz and Stone Sweet argue, however, the entirety of the EU as an integrated project does not need to fit into the two opposing categories of either intergovernmental or supranational, rather variations in the degrees of intergovernmentality / supranationality within different policy areas should be accounted for.¹⁰ Indeed, they are puzzled by the question of why in some policy areas policy-making sometimes migrates from the nation-state to European Union institutions. According to supranational governance theory, the greater the roles of three variables (supranational organizations, supranational rules, and transnational society) in the policy-making process, the likelier a shift towards increased supranationalism becomes.¹¹ Whereas the question of why some competences are transferred to the supranational level certainly is an interesting one, this can as well be turned around to explain why competences in some policy domains remain strongly embedded in the structures of nation-states. What then is the relevance of supranational governance to the study of the European energy policy? Firstly, it allows the researcher to assess individual aspects of a certain policy domain, which is particularly useful with regard to the European Union's internal energy policy. Indeed, as further analysis will show, there are aspects of the EU energy policy that are characterized by supranational elements (such as the liberalization of the electricity market), but there are also parts that individual member states want to maintain control of (such as nation-specific energy mixes). Indeed, concluding that the presence of the three above-mentioned variables contributes to the shift towards a more supranational policy, the lack of these should explain the strong intergovernmental focus in other policies or segments. Therefore, a more nuanced approach to energy policy offers more credible explanations. Secondly, while critics may argue that supranational governance is not applicable to policies regarded as essential to the running of the state (such as defence, or energy policy), in other words policies that the nation-state wants to retain a monopoly over, supranational governance refutes this criticism. Take for

¹⁰ Stone Sweet, Alec and Wayne Sandholtz, "Integration, Supranational Governance, and the Institutionalization of the European Polity", in *European Integration and Supranational Governance*, ed. Wayne Sandholtz and Alec Stone Sweet (Oxford and New York: Oxford University Press, 1998): 9.

¹¹ *Ibid.*: 9-11.

instance the example of telecommunications policy, which used to be a strong bastion of the nation-state, but gradually became more supranational, as all three variables (supranational organizations, supranational rules, and a transnational society) were at play.¹² By keeping these conclusions in mind, one can better understand the four individual scenarios for intra-EU developments in the energy sector that follow.

With regard to the external dimension of the European Union's energy policy, which lacks coherence, the forthcoming analysis should be read through the prism of both Neorealism and Social Constructivism. Some of the statements made by public figures (see below) cannot conceal a rather straightforward zero-sum logic of thinking, where Russian interests are seen as clearly jeopardizing European ambitions and vice versa. However, the position of some countries, especially Central and Eastern European ones, is further supplemented by social constructivist notions, such as ideas, ideology, and perceptions. Indeed, external energy relations vis-à-vis Russia are not only driven by fears of Russia becoming too powerful and exerting political influence over some rather small EU member states, but are also determined by historical path-dependencies, which translate into "irrational" perceptions of Russia as the unceasing "other". The combination of these theoretical accounts informs the forthcoming study.

3. Energy Policy in the European Union and in the Russian Federation

The EU-Russian energy relationship is clearly one of mutual dependence, with forty percent of the EU's gas imports originating in Russia¹³ and a large portion of Russia's governmental revenues stemming from the export of natural resources to EU member states.¹⁴ With reference to these data, Russia has outlined a straightforward energy agenda, observing that 'energy security is the most important element in Russia's national security'.¹⁵ To protect future income flows, it needs to strengthen relations with individual buyers by signing long-term contracts, invest in exploration of new gas and oil fields, build new transport routes and maintain existing ones, proliferate into the upstream parts of the

¹² For a detailed discussion of the telecommunications policy example, please refer to Sandholtz, Wayne, "The Emergence of a Supranational Telecommunications Regime", in *European Integration and Supranational Governance*, ed. Wayne Sandholtz and Alec Stone Sweet (Oxford and New York: Oxford University Press, 1998).

¹³ "Geopolitics of EU Energy Supply", in *EurActiv* (18 July 2005): 1.

¹⁴ This interdependency is said to further deepen as Russian gas will constitute sixty percent of EU's gas imports by 2030. Found in *Ibid*.

¹⁵ Mankoff, Jeffrey, "Eurasian Energy Security", in *Council Special Report No. 43* (New York: Council on Foreign Relations, Feb 2009): 4. The original quote can be found in the *Energeticheskaya strategiya Rossii na period do 2020 goda*.

energy chain such as consumer retail,¹⁶ and prove itself as a reliable energy supplier. In return, it asks its partners for guarantees, primarily security of demand for its energy products. Moreover, Russia opted for a close coupling of its energy companies to state bureaucracy, supporting and protecting these from both internal and external threats. Russia's strategy, however, faces difficulties that can be attributed to the economic downturn which struck globally in 2009. A decrease in energy prices and a drop in demand for its products has resulted in less income, which is much needed for fostering investment in exploration of the new fields necessary to ensure long-term production.

Whereas the Russian Federation articulated a clear strategy governing energy relations with its partners, the European Union's position is less clear. Although some concerted effort is observable internally – for instance the electricity market has been liberalized to some extent (albeit against the wishes of most market players) – the Union is stumbling upon the task of conveying a common external energy policy. Thus, the European Commission (EC) cannot get its hands on the competences of determining each country's energy mix, energy suppliers, transport routes, or the signing of bilateral treaties with important energy partners (particularly the Russian Federation). The closest to a full-fledged European energy policy is the "An Energy Policy for Europe" proposal, which the European Commission proposed in January 2007. Also known as the "20-20-20 proposal", the document sets out three targets to be achieved across the EU by 2020: twenty percent higher energy efficiency, twenty percent renewable resources in the Union's energy mix, and twenty percent lower CO₂ emissions.¹⁷ Nevertheless, the reception of these targets was far from positive throughout the EU member states, with the new members especially fearing that these targets would be more difficult to meet than the original EU-15.

These concerns are justified, since the energy sectors in the old and new EU differ substantially, preventing some measures taken to have an equal impact throughout the Union. While an analytical thick distinction between old and new EU member states often represents too much of a generalization and simplification, limiting the explanatory value of the research at stake, in the case of the EU's energy policy, a line which roughly follows the borders of the new versus old member states can be drawn. Such a line is by no means an unbroken

¹⁶ Russia's determination to penetrate into other parts of the energy chain has once again been demonstrated by the Kremlin-connected oil company Surgut Neftgaz acquiring Austrian OMV's 21.2% stake in Hungary's MOL Oil and Gas Company in April 2009, spreading its influence in the Central and South-East European markets. Found in Socor, Vladimir, "Major Russian Oil Company Secretly Buys Into Hungary's MOL", *Eurasia Daily Monitor* 3 Apr 2009, : 1-2.

¹⁷ "An Energy Policy for Europe", in *Communication from the Commission to the European Council and the European Parliament* (Brussels: Commission of the European Communities, 10 Jan 2007): 3-23. This has been followed by an energy and climate package proposing concrete measures to achieve these targets.

one, as it needs to account for occasional extreme variances in both camps, but it nevertheless is real, as witnessed by numerous statements by public figures, but also as highlighted by researchers. As Anke Schmidt-Felzmann argues, countries in geographic proximity to Russia are to a much greater extent affected by Russian actions (especially in economic terms) than the older member states.¹⁸ The analytical distinction between old and new member states is made possible by the discrepancies in their respective energy sectors, particularly over three categories. First, their energy mixes are diverse. CEECs rely on Russian energy resources (and especially gas) to a much greater extent than their Western counterparts. Although they possess substantial amounts of domestic coal reserves, these cannot be fully exploited due to coal's ecological harmfulness. Consequently, gas is imported in large quantities, resulting in an almost complete dependence on Russia for this commodity for some countries.¹⁹ Although it is true that some Western European countries (particularly Finland) are equally dependent on Russian energy resources, they are not affected by the following two difficulties and therefore do not see Russian dominance as too big a threat.

Second, the degree to which national grids are interconnected differs greatly between the old and new EU. The incumbent EU members share a highly interconnected grid, guaranteeing security of supply in case of difficulties on one of the import routes. CEECs, on the contrary, receive the bulk of their energy share through technologically outdated pipelines originating in Russia. In addition, these countries cannot invest much capital into developing alternative

¹⁸ Schmidt-Felzmann, Anke, "All for One? EU Member States and the Union's Common Policy Towards the Russian Federation", *Journal of Contemporary European Studies* 16, no. 2 (Aug 2008): 172.

¹⁹ 100% of Slovakia's gas is imported from Russia, with Bulgaria and the Baltic states following closely with a 96% and 78% dependency on Russian gas, respectively. Found in "Russia", in *Country Analysis Briefs* (Energy Information Administration, May 2008): 9.

Data for the Czech Republic and Hungary show a similar trend: 84% and 62% gas dependency on Russia, respectively. Found in Cohen, Ariel, "Europe's Strategic Dependence on Russian Energy", *Backgrounders*, no. 2083 (5 Nov 2007): 3.

Moreover, seven EU member states (Bulgaria, Estonia, Finland, Latvia, Lithuania, Romania, and Slovakia) are receiving 100% of their gas imports from Russia, resulting in complete import dependence on one supplier. Found in Feklyunina, "The 'Great Diversification Game': Russia's Vision of the European Union's Energy Projects in the Shared Neighbourhood", : 132.

With regard to oil, too, the situation does not differ substantially, as for instance 100% of oil imports to Slovakia stem from Russia, with the number for Hungary standing at 98%. Found in Balmaceda, Margarita M., "EU Energy Policy and Future European Energy Markets: Consequences for the Central and East European States", in *Arbeitspapiere Nr. 42* (Mannheim: Mannheimer Zentrum für Europäische Sozialforschung, 2002): 6-7.

routes or costly LNG ports and are thus more vulnerable to energy flow disruptions.²⁰

The third and final argument concerns the different perception of Russia as the major energy supplier, constituting the most visible difference between old and new EU member states. Due to historical path-dependencies, CEECs are more cautious in dealing with Russian companies (and the government) than their Western counterparts. As Timothy Boon von Ochssée and Coby van der Linde put it,

'[t]he 'old' European allies seek improved ties with Russia in order to secure long-term energy interests, examples of which include Germany and France, but also the Netherlands and Italy. The 'new' European allies such as Poland, the Czech Republic seek to distance themselves from Moscow to the farthest extent possible, to the effect of wishing to eliminate their dependence on Russian energy.'²¹

Whereas the readiness and speed with which major old member states sign bilateral treaties concerning energy supplies and investments into the energy sectors indicates that Russian energy companies are seen as reliable partners,²² several actions from the latter in recent years have caused a more cautious approach in CEECs. Poland, for instance, regards the planned North Stream pipeline as harmful to its interests. Both Lithuania and the Czech Republic experienced a massive drop in oil deliveries in 2008. In both cases, this has been attributed to Moscow cutting deliveries as a reaction to sovereign decisions of both countries which were not made in Russia's favour.²³ The implications of Russia using its energy wealth as an instrument of foreign policy can be far-reaching, as has been confirmed in the Russia-Ukraine energy crisis of January 2009, during which large parts of Central, Eastern, and South-Eastern Europe

²⁰ There are some recent proposals to connect the grids of individual Eastern European countries, such as the Hungarian "New European Transmission System" initiative, but it remains to be seen how successful these will be. Found in Mankoff, "Eurasian Energy Security", : 29.

²¹ Boon von Ochssée, Timothy and Coby van der Linde, "Two Sides of the Same Coin?: Energy Security Thinking in the US Versus Europe", (University of Groningen): 16.

²² Several bilateral activities involving German, French, or Italian companies (and governments) come to mind.

²³ In Lithuania's case, the matter involved the privatization of a refinery, sold to Polish PKN Orlen, thus preventing a Russian takeover. In the Czech Republic, the drop is believed to be a reaction to the Czech Republic signing a bilateral treaty with the United States allowing the latter to place parts of an anti-missile defence system on Czech soil; an act vehemently opposed by Moscow. For more detailed information on these two examples, please refer to Socor, Vladimir, "Russian Oil Pipeline Shutoff to Lithuania: Wider Ramifications", in *Eurasia Daily Monitor* (6 June 2007). Also, refer to "Russia Suspected of 'Pipeline Politics' Over Czech Oil Cuts", in *EurActiv* (1 Aug 2008).

were without energy supplies. In their respective discourses, both the European Commission and the European Parliament (EP), have recognized the danger stemming from energy suppliers (particularly Russia) using their energy resources as a tool to pressure EU member states into conformity.²⁴ Due to the above-mentioned reasons, their close proximity to Russia, and their historic path-dependencies, Central and Eastern European leaders in particular were eager to use the EU as a platform to voice their concerns. As the Czech Deputy Prime Minister for European Affairs at the time, Alexandr Vondra put it,

'[u]njust manipulation or interruption of energy supplies is as much a security threat as is military action. Post-soviet countries have been experiencing that on a daily basis, as Russia's appetite for using energy as a political tool is growing.'²⁵

On a similar note, former Lithuanian President Vytautas Landsbergis noted that the EU may soon face a difficult dilemma, since

'Europe may soon have to decide whether to trust Russia's promise to guarantee future energy supplies. That would also mean overlooking its authoritarian ways and putting aside fears that it will use its energy resources as a political weapon against other countries. Will Europeans be willing to exchange their dignity, spiritual heritage and general beliefs in exchange for gas supplies?'²⁶

This is certainly a valid question from the perspective of a CEEC, although not necessarily the other members of the European Union. As has been argued above, not only are there different energy strategies in use by the Russian Federation and the European Union,²⁷ but the Union's situation is further complicated by the lack of supranational competences in the area of the EU's external energy approach and by internal differences, which can roughly be drawn along the old versus new member states divide. That such a dichotomy is seen to be real, at least in the CEECs, is attested by former Polish Foreign Minister Anna Fotyga, who argued that '[i]t is imperative for Poland and Central Eastern

²⁴ Natorski, Michal and Anna Herranz Surrallés, "Securitizing Moves To Nowhere? The Framing of the European Union's Energy Policy", *Journal of Contemporary European Research* 4, no. 2 (2008): 75-80.

²⁵ Vondra, Alexandr, "Solidarity As a Cornerstone of the EU Energy Policy", in *Vilnius Energy Security Conference 2007* (Vilnius: 11 Oct 2007): 1.

²⁶ Landsbergis, Vytautas, "Why We Must Learn to Say No to Russia", in *Europe's World* (Summer 2008): 1.

²⁷ However, it remains to be seen whether Russia's energy strategy can withstand the current pressures of the global economic downturn.

Europe to reduce dependency [on Russian energy resources] while it seems like the old Member States would like to do the opposite.²⁸

Indeed, the criticism of Russian practices, voiced particularly in Central and Eastern European countries, but also in the EC and EP, became intense enough to provoke then Russian President Putin to react in an article published in *The Wall Street Journal*. In this article, Putin argued for the interdependence of European and Russian energy sectors, which, according to him, precludes Russia from using its energy resources as instruments to achieve its foreign policy objectives unilaterally.²⁹ Nevertheless, Putin has convinced neither EU member states nor the academic community of Russia's positive, market-oriented intentions with regard to its oil and gas politics, as the goal of CEECs – that of diversifying away from Russia as their sole major supplier – has remained the same.³⁰

The question yet to be answered is whether the EU as a whole can viably support the creation of a common European Energy Policy with an external dimension. Should this prove impossible, what are some other potential developments within the European energy sector? Keeping in mind the above-mentioned internal EU dichotomy, this paper will now suggest four potential scenarios within the area of EU energy policy, and discuss the implications each might have on EU-Russian energy relations.

4. Four Possible Developments Within the EU Energy Sector and Their Implications for EU-Russian Energy Relations

4.1 First Scenario: A Common European Energy Policy (EEP)

Despite the above-described differences in EU members' approaches to their energy sectors, the possibility of developing a common EEP under the auspices of the European Commission cannot be dismissed without further analysis. Indeed, both the EC and the EP have called for concerted efforts in establishing

²⁸ Geden, Oliver, Clémence Marcelis, and Andreas Maurer, "Perspectives for the European Union's External Energy Policy: Discourse, Ideas and Interests in Germany, the UK, Poland and France", (Berlin: Stiftung Wissenschaft und Politik, 17 Dec 2006): 16.

²⁹ Putin, Vladimir V., "Energy Egotism is a Road to Nowhere", *The Wall Street Journal* 28 Feb 2006, : A16.

³⁰ Barnes, Pamela M., "Security of Energy Supply in the New Europe: A Role for the European Atomic Energy Community in the European Union's Neighbourhood Policy?", *Journal of Contemporary European Research* 4, no. 2 (June 2008): 107-09.

a common EEP for years.³¹ New impetus has recently come from European Commissioner designate for the energy portfolio, Günther Oettinger, who, during a parliamentary hearing, highlighted the usefulness of the solidarity clause found in the Lisbon Treaty and the importance of a coordinated European approach in energy matters vis-à-vis its major energy partners.³² The Council of the European Union, too, is concerned with energy security and therefore often places this high on the agenda of the presiding country.³³ Thus, if Oettinger's ambitions, with the support of the EP and the European Council, were to bear fruit and the Commission would indeed be entrusted with implementing an EEP, such a policy could materialize in two different ways. Firstly, the old member states could persuade CEECs to adopt a more pragmatic stance towards Russia, in which case the EEP would reflect the current energy preferences of the Western European countries. Alternatively, the CEECs could "export" their cautious approach with regard to Russia, which would result in a rather different EEP.

4.1.1 A European Energy Policy Resembling the Old Member States' Approach to Energy

An EEP reflecting the energy interests, concerns, and strategies of old EU members would focus on building strong and mutually beneficial relations between the Union and the Russian Federation. Such a relationship would need to be based on a business-as-usual understanding of each other, highlighting the interdependence of both actors. Whereas massive effort would have to go into changing perceptions of Russia, especially in CEECs, regarding the reliability of Russian energy companies and their provision of a secure supply (something the Kremlin understands and is already attempting to address),³⁴ Russians would insist in turn on a reliable level of demand and expect guarantees for the additional oil and gas the EU is asking them to drill and exploit. In addition, better connections between the national energy grids of EU members need to be facilitated. This would provide energy security in case of disruptions and also make obtaining support for such an EEP among the CEECs' electorates easier. In

³¹ For a detailed overview of the activities of both the EC and the EP with regard to the EU's energy policy, please refer to Natorski and Herranz Surrallés, "Securitizing Moves To Nowhere? The Framing of the European Union's Energy Policy".

³² "Oettinger Defends European Vision on Energy", in *EurActiv* (15 Jan 2010): 1-2.

³³ This has also been the case in the Czech Republic, for which energy security constituted one of the "three Es" of its Presidency of the European Council in the first half of 2009. Nevertheless, due to several factors (domestic and external), the Czech Republic, and consequently the European Council never followed through on the ideas proposed (e.g. a more concerted approach towards Russia).

³⁴ For a detailed analysis of Russia's efforts to change its public image abroad and at home, please refer to Feklyunina, Valentina, "Battle for Perceptions: Projecting Russia in the West", *Europe-Asia Studies* 60, no. 4 (June 2008).

the long-term, the Union might pursue a strategy of diversification in its energy suppliers, transport routes, and resources. Nevertheless, the motivation would not be a decrease in the amount of energy imported from Russia, but rather to cover additional demand that is sure to arise. This necessitates increased investment in research into alternative resources (solar, wind, nuclear) with additional measures, such as tax incentives, to be introduced. Furthermore, LNG ports should be further developed and expanded, as these enable the import of gas from more distant suppliers. A combination of these measures could represent a viable compromise between satisfying Russia in terms of security of demand and the low-carbon economy envisaged by the EU.

Inception of such an EEP would most likely provide a positive impetus for EU-Russian energy relations, as it would represent a pragmatic, economy-based approach towards Moscow for the Union as a whole.³⁵ Nevertheless, by adopting such an approach, the Union's influence in third countries could decrease. Indeed, as the EU's "soft power" appeal abroad is to a large extent generated by its emphasis on liberal democratic values, human rights, and principles of market economy, compromising its value-based approach in negotiating with Moscow might have far-reaching consequences.

4.1.2 A European Energy Policy Resembling the New Member States' Approach to Energy

With an EEP reflecting the concerns of the CEECs with regard to a too-high energy dependency on an unreliable Russia and answering the CEECs' call for radical changes, EU-Russian energy relations would certainly deteriorate. Should CEECs insist upon fewer energy resources being imported from Russia, Russian companies would lack security of demand, causing them to turn to alternative markets for their products. Consequently, Russian energy companies would be expected to turn eastwards by intensively building pipelines to the emerging markets of China and India. From the perspective of Russian energy companies, such a turn in their policies would be legitimate. For the European Union, however, this would create both short- and long-term difficulties. EU countries would need to secure alternative suppliers within a short period of time by expanding its immediate energy community (a scenario considered separately below). Investment into alternative energy resources would also be unavoidable,

³⁵ Such a policy would be acceptable to Russian companies despite the fact that they prefer to deal with their buyers on a bilateral rather than multilateral basis, due to their bargaining power being greater vis-à-vis individual countries than vis-à-vis the Union as a whole.

with especially the potential of wind energy highlighted by scholars. The most viable alternative to deal with the drop in natural gas and oil supplies from Russia, however, would be to revive the idea of nuclear energy as a reliable means of producing electricity (the idea of a “nuclear EU” will be discussed further below).

An EEP built upon the concerns of CEECs would need to be centred around a solidarity pact, designed to cope with potential disruptions, and involving all EU members.³⁶ The possibility of such a solidarity pact as the cornerstone of an EEP has been highlighted by academics. Jeffrey Mankoff claims that ‘[t]he most fundamental challenge facing the EU is [...] to ensure greater solidarity between eastern and western Europe, and between countries that rely on Russian gas and those that do not.’³⁷ In practice, such a pact, resembling the NATO Treaty, has been proposed by former Polish Prime Minister Kazimierz Marcinkiewicz: ‘[the pact] would entail the creation of a political system applying the rule of solidarity, the rule of mutual help where the energy security of one country within the pact was threatened [...], to obtain part of their energy reserves in a period of significant shortage.’³⁸ Despite receiving support from all the Visegrád countries, it has been rejected by such countries as Germany and France, for fears that such a pact might disturb their relations with the Russian Federation.³⁹

Due to the likelihood of such an EEP causing further deterioration in EU-Russian relations, Brussels is not expected to promote this scenario. Most certainly, such a policy would create difficulties on both sides; Russian companies would have to search for other markets with potentially less reliable customers and EU member states would have to balance out vast energy shortages both in the short- and long-term. On the other hand, EU members (and especially CEECs) would decrease their dependency on Russian energy imports, enabling them to voice concerns about Russian internal developments more freely.

4.1.3 A Two-Tiered Energy European Union

³⁶ The idea of a solidarity pact is one that is often brought up in the discourse on a European energy policy. A solidarity clause, such as the one mentioned in the Lisbon Treaty that entered into force on December 1, 2009, would, however, not cure the internal EU dichotomy between the old and new member states. Rather, it would soften the impact of potential disruptions to (particularly) the new members, without, however, addressing the underlying causes for the dichotomy (i.e. disproportionate dependency on Russian energy resources, low and inefficient grid interconnectedness among the new member states and among the new and old members). Nevertheless, the rhetoric surrounding the solidarity pact is yet to be put into practice.

³⁷ Mankoff, “Eurasian Energy Security”, : 38.

³⁸ Geden, Marcelis, and Maurer, “Perspectives for the European Union's External Energy Policy: Discourse, Ideas and Interests in Germany, the UK, Poland and France”, : 24.

³⁹ Ibid.

It is very unlikely, however, that any of the EEPs will truly materialize in the form discussed above, as changing the CEECs' approach towards Russia to be more pragmatic is too much to ask of these countries and following a radical strategy of "breaking" away from Russian dependence would create too much economic instability in EU members. Moreover, despite the fact that the EC and the EP stress the importance of a common approach vis-à-vis the Union's energy partners, very little has materialized as individual nation-states simply do not want to transfer relevant competences to supranational authorities in a field deemed crucial to their respective national interests. However, should either the "old" or the "new" Europe wish to proceed with the harmonization of its multiple energy policies, the result might be a two-tiered EU. As a result, EU-Russian energy relations would change, as Russia would be forced to define its relationship with the integrated energy block and continue its bilateral relationship with those EU member states that opted for staying out of closer energy integration. Besides this reevaluation of EU-Russian energy relations, a two-tiered Union would have internal implications, too, as it would further complicate the European integration process in the energy sector. In addition, various energy approaches towards Russia would continue undermining the strength of the Union's voice vis-à-vis Russia.

4.2. Second Scenario: Maintaining the Status Quo

As the above analysis indicates, the development of a common European Energy Policy is highly unlikely, since the Union would first need to overcome internal divisions among the member states in their approaches to Moscow. Moreover, with energy being such a strategic commodity and energy security being part of "high politics", the more probable scenario is that the EU will fail to establish an EEP and that each member will retain the competence to form their own external energy policy. Ultimately, this would mean a continuation of the status quo,⁴⁰ in which Russian energy companies would be able to take advantage of a fragmented European energy sector. Hence, Western European countries are likely to carry on with their pragmatic, economic stance to secure energy resources originating in Russia. Signs of this are apparent, with, for instance, Germany and Italy already signing bilateral treaties with Russian energy giants. CEECs, on the other hand, are likely to pursue a policy of diversification of resources and suppliers. One can expect these countries to support the construction of the Nabucco pipeline (discussed below) and to try to secure

⁴⁰ For a more detailed discussion of the current stage of a European Energy Policy, please refer to the above-stated chapter entitled "Energy Policy in the European Union and in the Russian Federation", which puts forward a detailed analysis of energy divisions between the EU and Russia, also paying attention to internal difficulties and the subsequent dichotomies within the European Union.

energy resources from countries outside Russia's sphere of influence.⁴¹ In addition, CEECs wish to promote the increased usage of nuclear energy, of which some signs are already observable.⁴²

This (lack of) development within the European energy sector would have both internal and external consequences. Internally, the unused opportunity for integration in the energy sector would signal the Union's political inability to institutionally lift itself to the next level. Externally, by not taking advantage of the present momentum, the Union would now forgo a substantial amount of bargaining power vis-à-vis its energy suppliers. With the status quo scenario, EU-Russian energy relations would not differ greatly from the current state of being. Russian energy companies would be content as they would continue to benefit from unequally great bargaining power over some of their European customers. Additionally, these companies are expected to proliferate into the upstream section of the energy distribution chain in countries willing to allow Russian capital to enter their energy sector. Nevertheless, an uncoordinated approach towards the Russian energy sector will most probably reflect in more general difficulties in the EU-Russian partnership.

4.3. Third Scenario: The European Union Expands Its Energy Community

As the establishment of a European Energy Policy is very unlikely, and with the status quo unsatisfying for several EU member states, alternative developments need to be seriously considered. Therefore, the two following alternatives are introduced. However, both are rather sub-scenarios as they complement and significantly alter both the common European Energy Policy and the lack thereof. The first that will be assessed is the possibility of expansion in the EU's energy community, which may be conducted as part of an EEP or independently, should the EEP prove not to be politically viable. The rationale behind enlarging the EU's energy community has been summarized by former Dutch Prime Minister, Jozias van Aartsen:

'In the long-term, the aim of an EU international energy policy must be to establish a framework to develop an integrated market stretching from Europe to Central Asia, the Middle East and North Africa. The objective is not just to make connections between the EU and major energy producers in this region, and thus protect our supply lines. It is also to develop long-term energy security in order to promote industrial

⁴¹ An example of such a quest is Poland's gas monopoly's deal for liquefied natural gas from Qatar. For more information, please refer to "Qatar Gas Signs LNG Deal with PGNiG", in *Oil & Gas Eurasia* (15 Apr 2009): 1.

⁴² The idea of a "nuclear European Union" will be discussed as a separate scenario further below.

development, economic expansion and political stability in partner countries.⁴³

This mutually beneficial partnership should provide EU member states with relative energy security by increasing the number of energy suppliers and should provide incentives for positive domestic reforms in the new partner countries. Van Aartsen proposes the creation of a 'series of concentric rings',⁴⁴ with the EU members constituting the core, countries such as the Balkans, Ukraine, Moldova, Georgia, Azerbaijan, and North African states comprising the second ring, and the final, third, ring being made up by third countries wanting to align their energy policies with EU interests.⁴⁵

Certain concerted efforts to expand the EU's energy community can already be observed. The Energy Community of South Eastern Europe (ECSEE) groups together EU member states with their Balkan counterparts.⁴⁶ The Mediterranean Union, initiated in 2008, might prove vital in establishing close energy links with North African countries. Talks about linking up the EU's gas grid with the Arab Gas Pipeline, by which the EU would gain direct access to Middle Eastern gas, are well under way.⁴⁷ The two most promising undertakings are, however, the construction of the Nabucco pipeline and the recently launched Eastern Partnership. Indeed, the rationale behind the Nabucco pipeline is to circumvent Russia and to import gas directly from the Caspian Sea region, from countries such as Azerbaijan, Kazakhstan, and Turkmenistan (and possibly Iran once this becomes politically viable).⁴⁸ The Eastern Partnership, launched at the Prague Summit on May 7, 2009, is of strategic importance, too. As it more closely ties countries such as Azerbaijan, Georgia, and the Ukraine to the EU, and contains an energy agenda, it might prove a vital tool for expanding the EU's energy community and provide for greater energy security and supplier diversification.⁴⁹

⁴³ van Aartsen, Jozias, "Why Energy Must Be the Core of EU Security Thinking", in *Europe's World* (Spring 2008): 1.

⁴⁴ Ibid.

⁴⁵ Ibid.: 1-2.

⁴⁶ Such close cooperation is conditional on the signatory states having to adopt the Union's *acquis* in the field of energy (such as liberalizing the domestic electricity market). For more information, please refer to Barnes, "Security of Energy Supply in the New Europe: A Role for the European Atomic Energy Community in the European Union's Neighbourhood Policy?"; 124.

⁴⁷ For more details, please refer to "EU in Quest to Secure Middle East Gas Supplies", in *EurActiv* (6 May 2008).

⁴⁸ For more information on the potential and difficulties of the Nabucco project, please refer to Mankoff, "Eurasian Energy Security"; 19-26.

⁴⁹ For the chapter on energy security contained in the Eastern Partnership proposal, please refer to "Eastern Partnership", in *Communication from the Commission to the European Parliament and the Council* (Brussels: Commission of the European Communities, 3 Dec 2008): 7-8.

Whereas expansion of the EU's energy community has been positively received especially in CEECs, the situation differs with regard to the Russian Federation, as many of the potential partnership countries are believed to lie in what Russia still perceives as its natural sphere of influence. In addition, should the expansion of the community be successful, Russia's immediate energy interests would be jeopardized. Therefore, the EU is in direct competition with Russian gas companies, which are penetrating the mentioned energy sectors in attempts to secure a first-mover advantage.⁵⁰ Thus, despite EU-Russia relations deteriorating as a consequence of an expanded energy community, the EU is pursuing this policy as it would be beneficial not only with regard to matters of energy security, but would also give the Union a greater political say in its immediate neighbourhood.⁵¹ Ultimately, the exact state of EU-Russian relations would depend on what sort of balance the Union could strike between expanding its sphere of interest and developing its existing interests in Russia.

4.4. Fourth Scenario: The European Union Becomes a Nuclear Energy Powerhouse

Besides focusing on expanding the Union's energy community, individual EU members might decide to increase the share of nuclear energy in their energy mixes, which would consequently be reflected in the energy mix of the Union as a whole. That the potential of nuclear energy has been widely recognized is demonstrated by the fact that fifteen EU members already rely on this energy resource.⁵² Moreover, its potential has been highlighted as an accompanying feature of the above-discussed first two scenarios. The expansion of nuclear energy is a sensitive matter, as shown by many of the statements made about it. Certainly, there are manifold rational reasons in favour of higher utilization of

⁵⁰ Russia seems to have a better developed strategy, as it tries to buy up gas from Caspian Sea producers (such as Azerbaijan and Kazakhstan), which it then wants to re-sell to its European partners. The Nabucco project, too, is being rivalled by the Russian proposed, planned, and financed South Stream. Here, the Russian strategy seems to already be bearing fruit, as witnessed by the two signing ceremonies that were recently held in Turkey within the space of several weeks (both witnessed about Turkey's support for both the Nabucco and South Stream pipeline). Similarly, Russian energy giants are penetrating into the North African markets. This is a very forward-thinking strategy, especially considering that the output of Russian domestic fields is slowly declining, which is set to accelerate in the decades to come. For statistical information on the outputs of individual oil and gas fields, please refer to "Russia", : 1-11.

⁵¹ The Union's appeal in these countries is a strong point for consideration, as many of these countries still face authoritarian regimes and lack basic democratic and liberal market principles. These limitations for now also stand in the way of their closer cooperation with the EU.

⁵² Goldirova, Renata, "Time Is Ripe For EU-Wide Nuclear Safety Rules, Brussels Says", in *EU Observer* (25 May 2008): 2.

nuclear energy, such as its relative ecological harmlessness, the abundance and accessibility of nuclear material, its cost effectiveness, and its high efficiency. On the other hand, there are serious concerns inhibiting the creation of a Europe-wide nuclear energy policy; the problem of nuclear waste storage, security provisions for the power plants, and the unpopularity of nuclear energy among some European citizens. It is the last point which will most likely decide whether nuclear energy will be utilized Europe-wide, or by only some member states. Indeed, similar to the first scenario mentioned earlier, increased reliance on nuclear energy could also emerge in two distinct ways; as a single European Nuclear Energy Policy (ENEP) under the auspices of the European Commission or as many nuclear policies under the auspices of each individual member state.

4.4.1 A European Union with a Single European Nuclear Energy Policy (ENEP)

Notwithstanding the above-mentioned concerns among some parts of European society, there are recent indications that the European Commission supports a greater role for nuclear energy within the European energy mix. As EC President Barroso argued, 'more and more see in nuclear energy an at least temporary solution to stop climate change and to reduce our dependency on oil and gas'.⁵³ In conjunction with the nuclear energy interest of former EU energy commissioner Andris Piebalgs,⁵⁴ a common ENEP no longer seems infeasible. The first practical step towards an ENEP was the creation of the European Nuclear Energy Forum (ENEF), hosted jointly by Slovakia and the Czech Republic, established as a follow-up to the "20-20-20 proposal".⁵⁵ The Forum's mandate, which is to foster productive debate on the future of nuclear energy in the European Union as part of an effort to cope with energy dependency and greenhouse gas emissions,⁵⁶ clearly reflects the worries of member states – particularly CEECs. Since the Forum is only in its beginnings, its impact in fostering the creation of an ENEP is yet to be seen.

⁵³ Goldirova, Renata, "Barroso Attempts to Woo Germany on Nuclear Energy", in *EU Observer* (7 July 2008): 1.

⁵⁴ Piebalgs, who was in charge of energy at the European Commission, shares Barroso's view. For more information, please refer to Goldirova, "Time Is Ripe For EU-Wide Nuclear Safety Rules, Brussels Says", : 1.

⁵⁵ Although the "20-20-20" EC proposal for a European energy policy fell short of calling for a unified European Nuclear Energy Policy, it nevertheless stressed the importance of nuclear energy within the individual states' energy mixes and called for more consultation on the future of nuclear energy in the EU. For more details, please refer to "An Energy Policy for Europe", : 17-18.

⁵⁶ On the ENEF's mandate, please refer to "Nuclear Energy Forum Launched in Bratislava", in *EurActiv* (29 Nov 2007): 1.

Besides signs that the European Commission is more open to the prospects of an ENEP, similar changes of opinion can be detected among both the governments and the societies of some European countries which, to now, most vehemently opposed the idea of nuclear energy. Political will in Germany, a fierce adversary of an ENEP, is only one example. Whereas Germany has committed itself to a gradual phasing-out of its running nuclear power plants, present political debates dally with the idea of at least postponing, if not reversing this decision.⁵⁷ Besides political will, public opinion is also slowly shifting in favour of more nuclear energy within the European Union. A poll conducted by the European Commission in 2008 concluded that forty-four percent of Europeans support the idea of nuclear energy, with forty-five percent opposing it.⁵⁸ Whereas those holding negative views are still in the majority, when viewed in perspective, these figures are promising for the establishment of an ENEP, as they document a clear trend in favour of nuclear energy over time.⁵⁹ Although resistance to nuclear energy does not strictly follow the “old EU” vs. “new EU” divide, some related patterns can still be detected. The strongest opposition is found within the original fifteen states (Germany, Greece, and Portugal) and the biggest support can be observed in Eastern European countries (Czech Republic, Slovakia, and Lithuania). This can be interpreted as a desire by the latter group to diversify their energy portfolios and decrease their dependency on only one energy supplier.

Should the European Commission indeed be authorized to design a common ENEP, EU-Russian energy relations would not have to deteriorate per se. Nuclear energy cannot fully substitute for either natural gas or oil and thus a certain dependency on Russian energy resources would remain. Moreover, the Russian Federation could become a valuable source of nuclear material and nuclear power plant technology, provided it initiates reforms leading to increased transparency in its energy sector and to enhanced security in its nuclear technology. Thus, EU-Russian relations would depend on how well these initiatives were balanced and to what extent Russian energy companies would remain the EU’s primary suppliers. Should the EU’s nuclear policy be implemented carefully and in coordination with Moscow, deterioration in the relationship could be prevented.

⁵⁷ The newly formed governing coalition of the CDU/CSU and the FDP has made such a decision more likely. Indeed, the party most opposed to reconsidering the decision to phase out German nuclear reactors, the Bündnis 90/Die Grünen (the German Green Party), is not directly involved in the decision-making process. However, whether such a decision will truly be taken remains to be seen.

⁵⁸ “Special Eurobarometer 297: Attitudes Towards Radioactive Waste”, (Brussels: European Commission, June 2008): 5.

⁵⁹ A similar survey conducted in 2005 showed the respective figures to be 37% in favour and 55% opposing nuclear energy. For further details, please refer to *Ibid.*: 5-6.

4.4.2 A European Union with Multiple Nuclear Energy Policies

At least in the short-run, concerns about nuclear energy in some EU member states will obstruct the creation of a single ENEP. However, one can expect individual member states to rely more heavily on nuclear energy as a means to decrease dependency on only one energy source or one energy supplier. Such plans have already been voiced in the Czech Republic, Slovakia, Lithuania, and Poland, but also in France and the United Kingdom. Especially CEECs find themselves in a paradoxical situation. As part of their accession negotiations, they committed themselves to closing down their outdated, Soviet-style nuclear power plants. To meet the EU's climate change goals as set out in the "20-20-20 proposal", they should import larger quantities of natural gas to meet their energy demand, increasing their dependency on Russian gas companies. To prevent this, they might instead opt for construction of new, generation IV nuclear power plants, whose safety monitoring they would be willing to submit to the scrutiny of EU safety regulations. By choosing this path, they would seem to follow Andrei Sakharov's argument of 1978:

'... the development of nuclear energy is one of the necessary conditions for the preservation of the economic and political independence of every country.'⁶⁰

Once again, the impact on EU-Russian energy relations would depend on how well the nuclear energy strategies of individual member states were communicated to Russian authorities and energy companies and on the extent to which these companies would be involved in the development of nuclear policies within the European Union. This level of involvement would also determine to what extent especially CEECs would succeed in lowering their dependency on Russian suppliers.⁶¹ Due to above-mentioned reasons (particularly the perception of Russia in CEECs), one can credibly expect CEECs to look for nuclear resources in countries regarded as friendly to European interests and concerns (such as Australia), ultimately causing a flare-up in EU-Russian (energy) relations.

4.4.3 A Two-Tiered Nuclear Energy European Union

⁶⁰ Quote found in Myslobodsky, Michael, "The Origin of Radiophobia", *Perspectives in Biology and Medicine* 44, no. 4 (Autumn 2001): 550.

⁶¹ However, some CEECs (those inclined towards Russia) have demonstrated that they are not opposed to Russian involvement in their national nuclear energy fields, as long as this results in the diversification of energy resources. Therefore, the Bulgarian government signed a deal with Russia's Atomstroyexport JSC for the construction of the new Belene reactor. For more information on this rather surprising development, please refer to Barnes, "Security of Energy Supply in the New Europe: A Role for the European Atomic Energy Community in the European Union's Neighbourhood Policy?";: 123.

Nevertheless, due to several specificities of nuclear energy over other energy resources, such as its demand for large initial investment into nuclear technology research and development, some sort of cooperation among EU member states in the field of nuclear energy is likely to materialize. However, due to the above-mentioned concerns, an EU-led nuclear energy policy is out of the question in the short-term. A possibility, then, is the emergence of a two-tiered European Union, split by the individual countries' decisions on whether to rely partially on nuclear energy or not. The tier proceeding with integration would design a common European Nuclear Energy Policy, with the rest of the European Union standing aside. Similar to the two-tiered European Union that could materialize as a response to the proposal of creating a single European Energy Policy,⁶² a two-tiered nuclear energy Union would have far-reaching consequences, both internally and externally. Internally, a part of the Union would be able to decrease its dependence on Russian oil and gas by including nuclear energy in its energy mix. The other part, however, would still face the same difficulties stemming from a limited manoeuvring space with regard to the individual components of its energy mix. Moreover, the integrated part of the Union would develop further rules and practices that would govern the nuclear energy sector. Those would become part of the *acquis* additional members to the ENEP would need to accept before joining. Externally, EU-Russian relations would once again depend on how well the nuclear-integrated part of the EU was able to communicate its interests to its Russian counterparts and to what extent the latter would be involved in the integrative process.

5. Conclusion

The 2009 energy dispute between the Russian Federation and Ukraine, which directly impacted the European Union, has once again demonstrated the difficulties that exist with regard to EU-Russian energy relations. Hence, the purpose of this paper was to shed some light on the variables contributing to the complexity of EU-Russian energy relations, particularly after the 2004/2007 EU enlargement to the East. Consequently, the paper puts forward four possible scenarios that could materialize within the European energy sector, with attention paid to the implications of each. First, the energy strategies of both Russia and the EU were juxtaposed, only to conclude that whereas Moscow defined a straightforward energy strategy, the EU has struggled to do the same. This is attributable to the lack of political will in EU member states' capitals to delegate relevant competences to the European Commission. Moreover, the EU's position is further hampered by the internal conflicts that exist between the energy interests of two EU-camps, roughly divided along the lines of the old and

⁶² Please see scenario one above.

new EU members. This internal discrepancy to a large extent determines the potential EU energy developments.

The first scenario, a common European Energy Policy, is unlikely to materialize, yet cannot be disregarded completely. An EEP could develop in two different ways; it could either mirror the Western countries' energy interests or be modelled around the CEECs' energy concerns. Subsequently, EU-Russian energy relations would develop in line with the EEP; they would improve in the first case as a result of the whole EU adopting an economic-based approach towards Moscow, or further deteriorate as a consequence of the EU adopting a rather critical stance. The second scenario describes the lack of any further development within the EU energy sector and thus the continuation of the status quo. EU-Russian energy relations would therefore continue to be governed by bilateral agreements, with the bargaining power of Russian energy giants over some customers (such as relatively small CEECs) remaining incomparably great. The final two scenarios are not full-fledged scenarios per se, as they can accompany and alter both a common European Energy Policy and the lack thereof. The third possible development assesses the possibility of the Union expanding its energy community, by closely cooperating with third countries interested in aligning their energy interests with the EU. Although some signs of this are already observable, it remains to be seen to what extent Russia would be incorporated in the larger energy community, which would ultimately determine future EU-Russian energy relations. The final scenario dwells on the possibility of the EU becoming a nuclear energy powerhouse if it succeeds in establishing a European Nuclear Energy Policy or if, should such a policy be precluded by the lack of political will in some member states, EU members massively opt for nuclear power unilaterally. Signs for both are observable within the EU, with future EU-Russian energy relations dependent on how well the nuclear power interests would be communicated to Moscow.

The European Union's energy policy, both its internal and external dimension, may have received new impetus with the Lisbon Treaty entering into force and with a new European Commission being formed at the beginning of 2010. Whereas some concerted developments have occurred with regard to internal energy policy matters (such as the liberalization of the EU electricity market), similar developments have been lacking in the EU's external energy approach vis-à-vis its main energy partners. It now remains to be seen to what extent the inclusion of the solidarity clause in the Lisbon Treaty will move more sceptical countries, such as Central and Eastern European ones, to adopt a more pragmatic, economy-based approach towards Russia, as they in theory should be protected against drops in energy flows in case of major disruptions. In addition, the European Commissioner designate, Oettinger, has clearly spoken out against bilateral actions of EU members and the Russian Federation, calling

for a unified EU approach towards Moscow.⁶³ However, it still remains to be seen whether he will truly be able to rally support for an EC-led external dimension to energy policy in European capitals such as Berlin, London, Paris, or Rome. The chances are very small.

Therefore, the Union (or its individual member states) should begin to think about alternative ways to overcome the internal dichotomy between old and new members to increase energy security, which is vital for sustainable economic development. Expanding Europe's energy community or turning to nuclear energy are two methods which might achieve the goal of greater energy security and more diversification in terms of both energy suppliers and energy resources.

Although the purpose of this paper was to assess how EU-Russian energy relations might be impacted should any of the four discussed scenarios describing developments in the EU energy policy materialize, one cannot ignore the preferences and strategies of the other party to the relationship – Russia. If the European Union depends on a stable relationship with its major energy partner, so does Moscow. Therefore, further research needs to be conducted in several areas, each of which can slightly alter and/or confirm the findings of this study. First, the precise interests of Russia in the energy sector need to be assessed. Second, what alternatives besides consolidating its relationship with the EU and its individual member states can Russia credibly pursue if it wants to achieve economic growth and increase its international presence. Finally, the extent to which Russia's energy interests and their potential alternatives to a strong energy relationship with the EU fit with the conclusions of this paper remains to be seen.

⁶³ "Oettinger Defends European Vision on Energy", : 1-2.

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