



Theoretical Framework of the European Union's Energy Security Challenges in 21st Century

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ABSTRACT

The oil crises made states more aware that their power was dependent on access to natural resources and raw materials to feed the economy's industrial base. Growing demand for energy resources and scarcity of them gave rise to using of energy as a foreign policy tool. Thus energy security became one of the broader range of nontraditional security issues that emerged in the past years, it has been integrated into the debates of the international relations theories. On the other hand, after the Russian-Ukrainian gas crisis concerns on energy issues increased in the European Union and the Union's energy security was required a review. The last developments show that in 21st century an energy security is not only a topic of the European Union's economic agenda anymore. A serious political effort is needed in order to deal with the growing energy demand of the Union. The theoretical approach to the subject has remained a neglected part of the relevant studies. Therefore, this paper intends to explain the Union's energy security issue within the framework of existing international relations theories.

Keywords: European Union, energy security, international relations theories

21.Yüzyılda Avrupa Birliđi'nin Enerji Güvenliđi Sorunlarının Teorik Çerçevesi

ÖZET

Petrol krizleri, devletlerin güçlerinin ekonominin sanayi tabanını beslemek için doğal kaynaklara ve hammaddelere erişime bağlı olduğunun daha çok farkına varmalarını sağlamıştır. Enerji kaynaklarına artan talep ve bunların kıtlığı, enerjinin bir dış politika aracı olarak kullanılmasına neden olmuştur. Böylece, enerji güvenliği, son yıllarda meydana gelen geleneksel olmayan güvenlik konularının en yaygın alanlarından birine dönüşmüş, uluslararası ilişkiler teorilerinin tartışmaları ile bütünleştirilmiştir. Bir diğer taraftan, Rusya-Ukrayna doğal gaz krizleri sonrası Avrupa Birliği'nde enerji konuları ile ilgili endişeler artmış ve Birliğin enerji güvenliği politikasının yeniden gözden geçirilmesi gerekmiştir. Son gelişmeler 21.yüzyılda enerji güvenliğinin Avrupa Birliği'nin yalnızca ekonomik gündeminin ana başlıklarından biri olmadığını göstermektedir. Birliğin artan enerji talebi ile baş edebilmesi için ciddi siyasi çaba gerekmektedir. Yapılan araştırmalarda konuyla ilgili teorik yaklaşımların geliştirilmesi ihmal edilmiştir. Bu nedenle bu çalışma uluslararası ilişkiler teorileri kapsamında Birliğin enerji güvenliği konularının teorik çerçevesini oluşturmayı hedeflemektedir.

Anahtar Kelimeler: Avrupa Birliđi, enerji güvenliđi, uluslararası ilişkiler teorileri



1. INTRODUCTION

Only after the oil shocks of the 1970s energy issues began to be discussed seriously within the security topics. Energy security issues have traditionally focused on crude oil supply disruptions in the Middle East. After nearly two decades of comfortable supply margins from the oil embargoes, the global energy system was stretched to the breaking point in 2000s. The expansion of the European Union (EU), the break-up of the Soviet Union and the economic explosion in the Asia Pacific region have meant major shifts in demand and supply and in geopolitics. The recent Russian-Ukrainian natural gas disputes and oil disruptions highlighted the importance of the issue on the geopolitical agenda (World Economic Forum 2006). Today “an exceeding tight oil market, high oil prices, geopolitical rivalries and countries’ fundamental need for energy to power their economic growth” (Barbieri 2011) place the energy issues to the security agenda of the states. This means that research on energy, or energy security, cannot be separated from politics, especially geopolitics (Hu & Ge 2014).

With the gas crises in 2006 and 2009 between Russia and Ukraine that dominated international headlines, energy supply security has one again become a major political concern of the European Union. Moreover, Ukraine’s rejection of signing an Association Agreement with the EU under the pressure of the Putin administration at the Vilnius Summit was followed by the pro-European demonstrations. This was a good opportunity for Russia to provoke the confronting sides in order to keep Ukraine away from the EU. At the present time dimensions of the subject expanded, resulting in mutual sanctions between Russia and member states and two frozen conflicts in Ukraine - the center of the Europe. The EU’s energy dependency was a deterministic factor during the negotiations with Russia. The high dependency of the EU to the energy imports and vulnerability to external energy shortages are the main challenges of the Union’s energy security in 21st century.

Thus, the purpose of this study is to deal the EU’s energy security challenges in the light of recent developments, drawing a theoretical framework for it. First part of the paper includes the several definitions of energy security concept. In the second part it is aimed to explain the energy security issues from the theoretical point of the view. The purpose of the next part is to survey the EU’s energy security in terms of IR theories. Finally, the paper concludes by arguing that the EU’s energy security will remain one of the vulnerable issues. Therefore, the Union should settle with Russian interests in Ukraine. By this way the EU will protect its own stakes actually in a short and medium terms. But for a long term the member states should make serious efforts to gather a common way toward the multifarious suppliers in order to achieve the Union’s main goal of sustainable, environmentalist and secure energy supply.

2. THE CONCEPT OF ENERGY SECURITY

The current energy security system was created in response to the 1973 Arab oil embargo to ensure coordination among the industrialized countries in the event of a disruption in supply, encourage collaboration on energy policies, avoid bruising scrambles for supplies, and deter any future use of an “oil weapon” by exporters (Yergin 2006).

Security can be defined as defensive (in relations to a threat) or offensive (optimizing of profits in relations with other actors) (Grafstein 2002). The energy security is offensive, as it is the only vulnerable point of the Western states, they prefer to use the offensive strategy (Belyi 2012). Security of supply is an important goal of energy policy in many countries around the world. Despite the high importance of energy security in policy, several authors have pointed out that the term is not clearly defined (Winzer 2011). Although in the developed world the usual definition of energy security is simply the availability of sufficient supplies at affordable prices, different countries interpret what the concept means for them differently. Energy-exporting countries focus on maintaining the “security of demand” for their exports, which after all generate the overwhelming share of their government revenues (Yergin 2006). Basically,



energy security is an umbrella term that covers many concerns linking energy, economic growth and political power (World Economic Forum 2006).

The International Energy Agency (IEA) defines energy security as “the uninterrupted availability of energy sources at an affordable price” (IEA 2014). Energy security has many dimensions: long-term energy security mainly deals with timely investments to supply energy in line with economic developments and sustainable environmental needs. Short-term energy security focuses on the ability of the energy system to react promptly to sudden changes within the supply-demand balance. Lack of energy security is thus linked to the negative economic and social impacts of either physical unavailability of energy, or prices that are not competitive or are overly volatile (IEA 2014).

After the establishment of the IEA, the concept of national energy security was formally proposed, the core of this concept being the stabilization of crude oil supply and price security. The signing of the Kyoto Protocol in 1997 marked the start of countries considering the endowment of energy security with environmental protection and sustainable development connotations. Thus, energy security is defined as a country or region able to obtain a stable, adequate, economic and clear energy supply to meet demand, ensure stable economic and social operation, and guarantee the ability and status of sustainable and coordinated development (Hu & Ge 2014).

The Asia Pacific Energy Research Centre (APEREC) defines energy security as “the ability of an economy to guarantee the availability of the supply of energy resources in a sustainable and timely manner with the energy price being at a level that will not adversely affect the economic performance of the economy”, emphasizing the “four A approach” of Availability, Accessibility, Affordability and Acceptability, when dealing with this question. According to that view, security of energy supply is affected by factors such as the (physical) availability and the (geopolitical) accessibility of energy sources, the (price and cost of infrastructures) affordability of energy as well as the (environmental) acceptability (APEREC 2007).

European Commission's a 2000 Green Paper referred to energy supply security as “the uninterrupted physical availability of energy products on the market, at a price that is affordable for all (private and industrial) consumers, while respecting environmental concerns and looking towards sustainable development” (European Commission 2000). This involves an obvious extension of the IEA definition, with the inclusion of environmental and sustainability issues that may introduce additional and sometimes disparate constraints. In this context, the Commission's Green Paper identifies several sources of risk in the energy arena. *Physical risks* distinguish between permanent disruption (due to stoppages in energy production or to exhaustion of energy resources) and temporary disruptions (due to geopolitical crisis or natural disasters). *Economic risks* cause by volatility in energy prices after imbalances between demand and supply. *Political risks* bring about by energy exporting countries that intend to employ energy deliveries as a political weapon. *Regulatory risks* arise due to poor regulations in the domestic markets and regulatory variability in exporting countries (both in terms of security of energy investments and of security of supply contracts). Social risks occur due to social conflicts that are linked to continuous increases in energy prices. *Environmental risks* are related to the energy sector (oil spills, nuclear accidents, etc.) and may cause significant environmental damages (Labandeira & Manzano 2012).

Experience has shown that to maintain energy security countries must abide by several principles. The first and most familiar is what Churchill urged more than 90 years ago: diversification of supply. Since Churchill's day, the key to energy security has been diversification. This remains true, but a wider approach is now required that takes into account the rapid evolution of the global energy trade, supply-chain vulnerabilities, terrorism, and the integration of major new economies into the world market (Yergin 2011).

According to the World Coal Association, there are many drivers governing the secure supply of energy. The first is the ***diversification of generation capacity***, which is a well-balanced energy system, comprising various power generation technologies, and with suitable capacity, enables the advantages of each to be maximised, allows prices to remain reasonably stable, and ensures a continuing supply to



the consumer. *Price* is the provision of affordable energy to the consumer is dependent on the cost of generation, transmission and distribution. The interruption of supply networks can negatively impact prices and create economic difficulties for countries exposed by over-reliance on one energy source. Sustained price rises and short-term spikes in oil, gas or electricity can trigger inflation and recession. Also *significant investment* is needed to meet the forecast growth in energy demand. The availability of that investment – particularly problematic in many developing countries – will be a significant factor over coming years. Energy must be readily available, and thus the *ease and safety with which fuels and electricity can be transported* is a key driver for energy security. **Concentration of suppliers** is the reliance on imported fuels from a limited number of suppliers may increase the risk of adverse market influence. Where suppliers are from politically unstable countries, there may also be an increased risk of supply disruption. To achieve a diverse energy mix, countries must have access to different energy sources, requiring both *infrastructure and expertise*, whether in generation technologies, fuel handling, access to delivery systems such as pipelines, ports or electricity interconnections and transmission lines. *The interconnection of energy systems*, particularly electricity, must also be considered in terms of security. A limited market or connection increases the risk of supply disruption by reducing the options available to meet demand. *Diversification in the uses of fuels* may also be important for energy security. Fuel transformation – such as coal to gas, gas to liquids and coal liquefaction – can meet demand even when conventional supplies may be affected. The energy supply system can be vulnerable to disruptions caused by *political interests and even terrorist attacks* (World Coal Association, 2014).

According to Haighighi, it is imperative to distinguish between the two sources, oil and gas, since they have different characteristics from the perspective of energy security (Haighighi 2006). Unlike oil, gas is relatively difficult to store and gas transportation infrastructure is rigid in nature (for the time being). This means that a physical link between producer and consumer is required and the number of alternative routes to the consumer is limited. In comparison to gas, oil transportation is not costly, and therefore oil that is destined for a specific place can easily be redirected to another destination. Moreover, unlike the global oil market, the gas market is regional. A global oil market implies that a disruption of oil supply in one part of the world may affect the whole world whereas gas disruption does not necessarily have worldwide repercussions. This is again due to the fact that firstly, the costs of gas transportation are higher than oil, and delivery systems are inflexible, and secondly, gas development in one country or region is isolated (due to a lack of easy switching between routes) from the development of other regions, which suggests that disruption in one region does not necessarily influence another. Another difference between oil and gas is that seven cases of oil disruption have been reported since 1950, occurring for purely political rather than physical reasons, whereas no gas disruptions have occurred and if they did, were only minor and short-term. This last difference shows that oil has historically been used as a political weapon while gas does not have such political characteristics. In addition, gas security is mostly concerned with physical shortage rather than price shocks, the latter being an oil security concern. Haighighi points that the multi-faceted nature of energy security, which will be elaborated below, makes it very difficult to provide a definition of energy security that is accepted by all. A commonly accepted practical definition of this concept is *adequacy of energy supply at a reasonable price*. This definition suggests that energy should be physically available and its price should be reasonable.

Generally, perception of energy dependency as a serious security issue increased the strategic importance of the energy-producing and transit countries so that geopolitics, which emphasizes protecting national borders traditionally, gained new meanings such as oil geopolitics and pipeline diplomacy.

3. ENERGY SECURITY IN THEORIES OF INTERNATIONAL RELATIONS

Scarcity of energy resources and increased demand for energy are the main reasons of nationalization and using of them as a foreign policy tool, resulting in a dynamic security structure that is very difficult to manage (Balaam & Dillman 2014). The management of the energy-related relationships among the



states that involves access to energy sources, their production, export, import, transportation and supply is one of the contemporary study fields.

The oil shocks in 1973 and early 1980s changed the views of officials, experts, and the public about the national security. The oil crises made states more aware that their power was dependent on access to natural resources and raw materials to feed the economy's industrial base. Because energy security became one of the broader range of nontraditional security issues that emerged in the past years, it has been integrated into the debates of the international relations (IR) theories. An overview of the existing IR theories demonstrates various approaches (Belyi 2012).

Realists put emphasis on energy security within the framework of state's power and define it as one of the state's national interests. As realists argue, the main point of foreign policy is to project and defend the interests of the state in world politics. Focusing on national security and state survival, realists consider the state as an essential for the good life of its citizens. But states are not equal: on the contrary, there is an international hierarchy of power among nations. The most important states in the world politics are the great powers. International relations are understood by realists as primarily a struggle between the great powers for domination and security (Jackson and Sorensen 2007) in the international arena, which is an anarchical system, where the states look for opportunities to take advantage of each other (Lebow 2010).

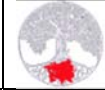
The absence of world government - anarchy and egoism greatly impede cooperation. But actors who focus on relative gains find it much more difficult to cooperate (Donnelly 2009).

Realists point out that through history, certain commodities, and in particular energy commodities, minerals, water and food have had a strategic value beyond their market price and as such they have been repeatedly used as tools of foreign policy by exporters and have been among the prime catalyst of armed conflict (Luft and Korin 2009). Moreover, energy resources are important elements of state power, because states dominate over the actors within it, as well as implement legislation defining exploitation, taxation, privatization and extractions. The more resources it has the more powerful the state is. Of course a state power perspective based on energy resources depends on the state's ability to extract and transport the resources as well as the global demand for them (Cesnakas, 2010).

States positions on issues of energy resources in the international system depend on the conflicts, bargaining and consolidation of interests of most powerful states, and interaction between energy resources exporting, transit and importing states. Exporting and transit states will try to acquire as much power as they can from energy resources and importing states' attempt to acquire energy resources translates into power elements. Energy resource exporting states can increase or decrease the extraction of energy resources in order to expand their influence abroad and to affect international markets (Cesnakas, 2010).

It is interesting to note that energy security is central in ensuring national security, and at the same time, a threat to national security. In some cases, application of military forces as a response to threats has been taken into account. In the worst scenarios, energy security could trigger some drastic measures by powerful states, including resorting to military actions. Such measures are being used in order to foster policies leading to the supply of energy resources by the suppliers or put under the control energy high prices. It seems that a global strategy has been formed in order to confront any measure, which may hinder or prevent energy supply (Koolae 2011).

However, a major concern for all economic liberals is the state's role in the market and other parts of the economy. The liberal values and ideas are focused on the so-called laissez-faire principle that the state should leave the economy alone. Although liberals agree with that people are fundamentally self-interested, they do not see this as a disadvantage because competing interests in society can engage one another constructively. Believing in the cooperative, constructive side of the human nature, in his famous book *The Wealth of Nations*, Adam Smith established on the principle that the nation is best served when state power is used to create wealth, which produces more power and national security.



Following Smith, David Ricardo argued that free international market stimulates industry, encourages innovation, and creates a “general benefit” by raising production. These positive-sum payoffs of trade bind together the nations of the world by a common thread of interest and intercourse, weakening or entirely eliminating reasons for war (Balaam & Dillman 2014). Thus, energy interdependence and the growing scale of energy trade require continuing collaboration among both producers and consumers to ensure the security of the entire supply chain. Long-distance, cross-border pipelines are becoming an ever-larger fixture in the global energy trade (Yergin 2006).

Institutionalism, which is one of the most novatrice conceptions of international political and economic relations argue that institutions, stemming from norms and regular practices, build a basis for stability and security of economic relations. The process of legalization of international relations stems from the juridical ideology: respect of law leads to a better security (Belyi 2012). Each institution is shaped by particular principles, norms and rules which influence different approaches to resolving problematic resource management. On this basis, some institutions promote knowledge and information on energy and energy-related issues such as environment; some of them establish general legal binding institutions, which have emerged through general multilateral conventions and agreements; some constitute issue-specific agreements which directly involve the international energy markets; some form practices of regional economic organizations. Also there are cross-border institutions set by private commercial actors. Thus, the density of institutions explains the various angles of energy policy strategies.

Many states officials attempt to use trade as an instrument to achieve political, social, and economic objectives. Application of sanctions by international community to punish the states who use the trade as a tool of foreign policy is not effective enough. A political economist Susan Strange has pointed that energy sector can not be analysed in purely quantitative terms. The oil shocks were partially provoked by Israeli-Arab conflict of 1973, which can not be incorporated into economic modeling (Strange 1980). On these grounds, she stigmatises the existing theoretical barriers existing between three major social sciences, i.e. economics, political science and international relations and stresses the need to analyse energy security from both economic and political angles. Her conception represents a particular view of a structural approach to the international political economy: the structures which shape global political and economic behaviour for states, firms, and other social and economic actors (Strange 1980). She argues that four primary structures, namely security, finance, production and knowledge, constitute a source for structural power of international actors (Strange 1980). Energy, in turn, plays a vital role for production (especially industry, residential and transport sectors), finance (in terms of benefits provided especially by oil trade), knowledge (related to technological development, including energy and environmental sectors), as well as security (setting up international institutions dealing with energy supply or direct intervention in oil-producing regions) (Strange 1980). Thus, some theoretical approaches support the non-liberal structure of energy security. As Kuttner suggested, in the absence of the world government, cross border trade is always subject to rules that must be politically negotiated among nations that are sovereign in their own realm but not outside their borders. For Kuttner, trade is always political, economist and columnist (Kuttner 1991).

Thus, energy issues somehow exist in political, military, economic and environmental parts of the theories, although they do not involve an energy sector directly. Because of the multifaceted character of energy and the fact that energy exists in many different areas, it may be considered as a “threat”, “political power”, “cooperation”, “economic welfare”, “national security”, “casus belli”, “environmental security” according to the existing conditions. What is the common for all of these theories is the increasing concerns on energy after the Russian-Ukrainian gas crisis in 21st century (Korkmaz 2010).



4. ENERGY SECURITY ON THE EUROPEAN UNION'S AGENDA IN 21ST CENTURY

In order to analyse the EU's energy security issue from the theoretical aspects, it is crucial to display how the concept of "energy security" is perceived by the Union. Although self-sufficiency and dependency rates differ from one member state to another, energy security is perceived from a "supply security" point of view, thanks to increasing dependency on energy imports. Commission's policy papers did not give a definition of the concept, but they refer to secure, competitive and sustainable supply of energy resources, thus demonstrates geopolitical, economic and environmental aspects of the issue (Korkmaz 2010). In this sense, in addition to environmental approach, the concept of energy security is perceived in the EU from both economic and geopolitical point of views (Korkmaz 2010).

Thus, having a secure supply of energy is very important for the well-being of European citizens and the economy. The European Union's prosperity and security hinges on a stable and abundant supply of energy (European Commission 2014).

The external dimension of EU energy security policy was limited to a political coordination of energy security measures among EU member states before the oil shocks. These coordinated security measures emerged immediately during the first oil crisis in 1973 and it was a response to an external event (the energy crisis) rather than a common foreign energy security policy of the member states (Belyi 2012).

But later, when Europe as a major energy consumer addressed future energy needs and faced a number of challenges, such as a rapidly rising global demand and competition for energy resources from emerging economies like China and India, persistent instability in energy producing regions like the Middle East, a fragmented internal European energy market, and a growing need to shift fuels in order to treat climate change policy, an energy supply security had become a key concern for European nations and the EU (Phillips & Cook 2012). Because the EU is highly dependent on energy from abroad, importing 53% of all the energy it consumes at a cost of more than one billion Euros per day. This includes 88% of its crude oil, 66% of its natural gas, 42% of its solid fuels such as coal, 95% of its uranium (European Commission 2014).

The origin of EU-28 energy imports has changed somewhat in recent years, as Russia has maintained its position as the main supplier of crude oil and natural gas and emerged as the leading supplier of solid fuels. In 2012, some 33.7 % of the EU-28's imports of crude oil were from Russia, slightly below the shares recorded for 2010 (34.7 %) and 2011 (34.8 %). Russia became the principal supplier of solid fuels in 2006, overtaking South Africa, having overtaken Australia in 2004 and Colombia in 2002. Russia's share of EU-28 solid fuels imports rose from 13.1 % in 2002 to 30.0 % by 2009, before falling somewhat to 25.9 % by 2012. Despite this contraction, Russia remained the primary source of solid fuels imports into the EU in 2012, although its share was only slightly ahead of those recorded for Colombia (23.7 %) and the United States (23.0 %). By contrast, Russia's share of EU-28 imports of natural gas declined from 45.2 % to 29.5 % between 2002 and 2010, but this trend was reversed with increases in 2011 and 2012. Qatar's share of EU-28 imports of natural gas rose from less than 1 % in 2002 to 11.0 % in 2011, before dropping back to 8.4 % in 2012. The security of the EU's primary energy supplies may be threatened if a high proportion of imports are concentrated among relatively few partners. More than three quarters (76.8 %) of the EU-28's imports of natural gas in 2012 came from Russia, Norway or Algeria — as such there was a greater concentration of imports than in the previous two years as the same three countries accounted for 71.0 % of natural gas imports in 2010 and 72.0 % in 2011. A similar analysis shows that 53.6 % of EU-28 crude oil imports came from Russia, Norway and Saudi Arabia in 2012, while 72.6 % of hard coal imports were from Russia, Colombia and the United States. Although their import volumes remain relatively small, there was some evidence of new partner countries emerging between 2002 and 2012. This was notably the case for crude oil imports from Nigeria, Azerbaijan and Kazakhstan, or natural gas imports from Qatar (European Commission 2014).

Figures such as these mean that the EU can be vulnerable to external energy shocks. Many member states are heavily reliant on a single supplier including six who are entirely dependent on Russia for



their natural gas. The situation is particularly acute in Bulgaria, Estonia, Finland, Slovakia, Latvia and Lithuania which the European commission judges 100% dependent on Russian gas (Neslen 2014). Three member states – Estonia, Latvia, and Lithuania – also rely on a single external operator for the operation and balancing of their electricity network, and for a large share of their electricity supply. The majority of Russian gas exports to Europe passes through Ukraine from where a number of pipelines travel west, delivering gas to central and northern Europe (Stem 2003). The serious nature of these dependencies was brought to the forefront during the winter gas shortages in 2006 and 2009, and more recently by the ongoing crisis in Ukraine.

Although the dispute between Russia and Ukraine over the gas payments and debts is a subject of another research, like the last developments in Crimea, these events are directly related with the EU's energy security. Moreover, mentioned disputes between Russia and Ukraine concern many aspects of the EU-RF relations. Conflict of interests is its main features. With the election of Putin to the presidential post in 2000 nationalism in domestic and foreign affairs was promoted in Russia, which has manifested itself in a brutal counter-insurgency in Chechnya, invasion of Georgia, occasional cutoffs of gas flows to Ukraine, thereby to the some EU countries (Balaam & Dillman 2014). Annexation of Crimea and ongoing disputes are the peaks of this nationalism. Besides, Russia emerged as a key player in the oil regime, increasing its output of oil.

Current situation creates additional risks for the European security. Briefly, this is caused by the process of geopolitical restructuring of the European space following the collapse of the "socialist camp" and the formation of two "centres of influence" on the European continent. The EU and Russia have been implementing their fundamentally different competing integration projects in the post-Socialist (now, the post-Soviet) states. The EU pursues the policy of enlargement and/or creating a group of partner countries that would act on the basis of the Western norms and standards. In the meantime, Russia has been pursuing an integration project of its own (the Eurasian Union) that would be governed by the rules and norms inherent to the state-centric political system of an "Eastern" pattern. Ukraine is directly influenced by the above-mentioned competing integration projects, in which it has an important role to play. Because for Russia, "losing" Ukraine means the final devaluation and complication of implementation of its integration project. While implementing the Wider Europe, the European Neighbourhood Policy and promoting the Eastern Partnership Initiative, the EU is penetrating even farther into the post-Soviet region of the Eastern Europe and the Caucasus that Russia considers to be the sphere of its privileged interests. This is the key problem of relations in the EU-Ukraine-Russia format (Rzaumkov Centre 2012). It is a struggle between RF and the EU for their own values and domination, where Russia uses its energy sources for opportunities to take advantage of. Soros summarized the situation more clearly pointing that the Russian attack on Ukraine is indirectly an attack on the European Union and its principles of governance (Soros & Schmitz 2014). Energy dominance provides Russia with a regional instrument that has been used repeatedly in recent years to keep CIS neighbours in line, but evidently operates further afield in the form of "gas spats" with CEE and Baltic states whose political or market attitudes fail to confirm to Kremlin expectations. Russia is able to operate thusly because its largest energy company, Gazprom, is managed by the Russian state, and whose ambitions in recent years have lain close to the political orientations of the Kremlin. Centralized political power twinned with concentrated non-liberal market power is not only doubly anathema to the democratic, liberalized EU market structure, it keeps Russia an unpredictable negotiating partner (Hadfield & Amkhan-Bayno 2012). That is why the energy supply took a place among the security issues of the EU recent times. Merkel's statement that there will be a new look at energy policy as a whole (Welle 2014) gives a hint about the EU's countermove against Russia in the near future.

On the other hand, Russia's ambassador to the European Union, Vladimir Chizhov, has excluded the possibility of a "gas war" between Russia and the West, emphasizing that Russia is and will remain a reliable partner and energy supplier (Welle 2014). It's clearly in Russia's interest to preserve the energy status quo: Russia exported 71 % of its gas to Europe with the largest volumes to Germany and Italy (European Commission 2014). For Russia, the natural gas sector contributes approximately a fifth of



the national budget (Reuters 2014). Similarly, the EU's keeping Gazprom out of the sanctions list, imposed on Russian companies after annexing Crimea, was a result of the mutual interdependence between two sides. Mentioned interdependence defined the limits of the EU's policies against Russia during Ukrainian crises (Has 2014) as well as an amount of the mutual losses. Maybe the gains are different but consequently an energy cooperation between the Union and Russia feeds both sides' economies. The mutual economic interdependence enforces the sides to act rationally. Living in a totally connected, networked planet, linked together at both business and every other level, including security and international policy, as never before in history, the Union cannot actually cut Russia off, whether in energy terms or in any other way. Maybe Gazprom's total monopoly thrall can be reduced somewhat to some countries, with better connectors and back-up systems. But overall Russian gas will remain a large, important, and probably growing component of the European energy market (Howell 2014). That is why European energy 'diversification' strategy, and Ministerial statements and policies in support of it, should be rooted in realism, honesty and a firm view of longer term interests (Howell 2014).

Besides the end of the Cold War offered an unprecedented opportunity to overcome the previous economic divisions on the Eurasian continent. There was therefore a recognised need to ensure that a commonly accepted foundation was established for developing energy cooperation. On the basis of these considerations, the Energy Charter Treaty (ECT) process was born (Konoplyanik and Wälde 2006). The purpose of the ECT (Article 2) is that it "establishes a legal framework in order to promote long-term cooperation in the energy field, based on complementarities and mutual benefits, in accordance with the objectives and principles of the Charter" (Energy Charter Treaty 2004). But in October 2009, the Russian Federation terminated its provisional application of the ECT, because of opposition from Gazprom and to a lesser extent Rosneft and Transneft, who persistently claimed that ratification would be damaging to "Russian" interests. Russia's decision prevented the international legal regime for the energy governance. Thus, in the international system there are no global supranational institutions capable of dominating the energy system effectively, so states in the international system remain self-helping actors. Existing transnational institutions, dealing with energy resources issues, become active only when their members confront clear and present threats to their interests, like the International Energy Agency or Organization of the Petroleum Exporting Countries. Regional supranational organizations act efficiently only when the interests of almost all member states match (Cesnakas 2010).

In sum, multifaceted characteristics of the energy makes able to develop various approaches about the EU's energy security issues. Because the energy issue is a new security topic, developed after the oil shock of the 1970's and has a multifaceted feature, it is impossible to place this subject to the basis of particular IR theory.

5. CONCLUSION

In a world of increasing interdependence, energy security will depend much on how countries manage their relations with one another, whether bilaterally or within multilateral frameworks. That is why energy security will be one of the main challenges for the EU members' foreign policy in the recent years. In the meantime, diversification of gas supply sources for Europe has become a priority for energy strategy and foreign policy of the EU. Having a deep dependency to the Russian natural gas, the Union mentions about the contributions of other countries such as Turkmenistan, Iraq and Iran to its energy demand in the longer term perspective if conditions are met to lift the sanctions regime. But today unstable political environment in the Middle East and Central Asia restricts the EU's maneuver area in terms of diversification of suppliers. In this situation Russia remains being a major supplier of the member countries. But ongoing disputes in Ukraine created serious suspicions about the Union's energy security. The roots of Ukrainian crisis resided in basic difference of opinions between the West and Russia. The EU followed the same path for Ukraina as it did in 2004 enlargement process. The Union continued to develop its relations with Russia, trying to join with Ukraine. The pursued policy by the Union was undesirable for Russia however. Increasing influence of the European-Atlantic bloc in post-socialist areas step by step after the Cold War was unacceptable for Russia in terms of its national interests. Thus Ukraine was "a last castle" for Russia. It is hard for Russia to image the Eurasian Economic Union without Ukraine. Ukraine's participation is essential in order to realize Russian global



geopolitical ambitions. At the same time, Ukraine was a country which highlighted in the EU's strategic documents. The aim of the Union was to make Kiev as closer as possible to the European family (Ozbay 2015). That is why the Ukraine's preference had a strategic importance for both sides, whose interests conflicted here.

Regardless of all these, the mutual interdependence on trade and especially energy enforces the EU and Russia to act rationally, as the realists argue. There is a bilateral negative effects of the EU's sanctions on Russia. Russia is the EU's third largest commercial partner, while the EU is Moscow's most important trade partner. The Union is an implementer of the sanctions, therefore all attentions about the impacts of them focused on Russia. However, there is serious cost of the sanctions to the EU, following by the reactions of member states. As the effects of sanctions are cumulative with derogations for certain contracts still in force, these protests will surely increase over the next few months when the sanctions start to take full effect (Giumelli 2014). Minsk Agreement dated on 12th February 2015 legitimized the existence of two new "frozen conflicts" in Ukraine posed by Putin administration, which will hang over the Europe like the Sword of Damocles. That is why mentioned rationality involves the cooperation between the sides in each sector of economy, as the liberal views support. Strengthening their economies, deep trade relations will restore the political ties between the EU and Russia, promoting Strange's structuralist approaches about security, finance, production, knowledge, transportation, trade, energy and welfare also. Establishment of EU energy institution will be helpful in order to deal with the energy issues of member countries, managing their demands and supplies centrally.

Besides, an isolation of Russia is not possible because this country shares with China the title to be one of the great powers of Asia. The ongoing sanctions war corrodes the gathering way between the sides after the Cold War. Opposite steps that taking mutually complicate the existing deadlock. Russia deepens its energy ties with China, signing a second blockbuster deal and with other Asian countries. The EU proposes to form a new energy union in 2015-2016. In the light of all happening, cooperation and respect to the Russian interests is the only best way for the EU today.

Ukrainian dispute showed that diversification should remain the fundamental starting principle of the EU's energy security for both oil and gas. The member states should make serious efforts to gather a common way toward the multifarious suppliers in a long term in order to achieve the Union's main goal of sustainable, environmentalist and secure energy supply.

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