

Energy Security- Europe's New Foreign Policy Challenge

Author: Ananya Doundiyal

Energy is inevitable for human life and is considered the essence of any production process that must be secured for the economic growth of the nations.

Energy Security is one of the most critical forms of Human Security. According to International Energy Agency (IEA), Energy Security is defined as reliable, affordable access to all fuels and energy sources. It is considered an international and national security issue as it may lead to cross-national tensions.

Short-term energy security has mainly focused on the ability of the energy system to react promptly to sudden changes within the supply-demand balance. The signing of the Kyoto Protocol in 1997 already marked the start of countries considering the endowment of energy security with environmental protection and sustainable development connotations.

Asia Pacific Energy Research Centre has categorized Energy Security into four dimensions and focused on the four A approaches, i.e., AVAILABILITY, ACCESSIBILITY, AFFORDABILITY, and ACCEPTABILITY. Energy Security is central to ensuring national security but can also threaten national security.

Europe is vulnerable to energy supply disruptions with limited resources as it depends on imports. Currently, Europe has faced some challenges but also has possible opportunities to avoid or overcome these challenges. Energy Security is often taken for granted by European consumers and businesses. Reliable and affordable energy supplies have been vital for the European economy. Still, the EU countries need more energy resources to fulfill their needs. In 2017, over half of the EU's needs were covered by imports. Nearly 90% of the EU's oil needs and 70% of the gas must be covered by imports.

The international funding by the EU on the coal-to-liquids projects has helped a few countries reduce their dependency on foreign sources of oil, but this strategy conflicts with efforts to fight climate change. Iran can be considered an alternative energy source for the European Market as Iran is not only the holder of the largest natural gas reserves and the fourth largest crude oil reserves in the world but also is located in a strategically important area. However, because of the involvement of the economic sanctions, there is a longstanding dispute between Iran and the West. For the well-being of European citizens and the European economy, having a secure energy supply is very important. The European Union's dependence on energy imports has risen in recent years because of the lower domestic production of non-renewable energy in combination with stable energy demand. The European Union has recognized the importance of systematically integrating energy security into foreign policy. Thus, Energy Security has become Europe's new Foreign Policy Challenge.

The Russia-Ukraine Crisis

As a significant energy consumer, Europe has addressed future energy needs and faced several challenges. Energy supply security has become a key concern for European nations and the European Union, as there is a growing need to shift fuels to treat climate change policy. With its importance as an energy corridor for Europe, the crisis in Ukraine acts as a threat to energy security when political tensions have seemed to grow between Russia and Ukraine. Russia is one of the largest exporters of oil, natural gas, and coal to the EU.

The Russia-Ukraine crisis is directly related to the EU's energy security, whereas the recent crisis has created an additional risk for European Security. The European Union is highly dependent on energy from abroad. The current Russia-Ukraine situation has a significant impact on price levels in Europe. The share of Russian pipeline gas in the EU gas import has been 41% in the third quarter of 2021. Most Russian gas exports to Europe pass through Ukraine, where several pipelines travel west and deliver gas to central and northern Europe. As Ukraine is the main transit route between Russia and Europe for importing natural gas, the EU, as the third party, will suffer because of any supply disruptions caused by the Russia-Ukraine disputes. The natural gas price in Europe rose considerably during the latter half of 2021, before the current Russia-Ukraine dispute, because of a strong surge in post-pandemic demand. Russian Gas is and will remain a reliable partner and an energy supplier. It has also been made clear that the Russian attack on Ukraine indirectly attacks the EU and its governance principles. The EU market structure has kept Russia as an unpredictable negotiating partner, which is why the energy supply has taken place among the security issues of the EU in recent times.

Dependency of Europe's Energy on Russia

The diversification of gas supply sources for Europe has been a priority for the EU's energy strategy and foreign policy. Russia is the leading exporter of gas and crude oil to the EU. It is also the dominant gas supplier for many European NATO members. Russia can act as a standard market player in a liquid and competitive energy market. Additionally, Russia has a 40.6% share of natural gas imports to the EU and is the cheapest supplier to the market. Russia's need to export its oil and gas to the European market has led to the mutual dependence that has prevented the instrumentalization of Russian energy and pipeline policy as a foreign policy factor in the age of globalization. Russia has never used energy exports as a political weapon, even during the Cold War, and has proved to be a reliable energy partner for Europe. The Europeans must build a commercial relationship with the significant Russian giant oil companies to establish a dialogue on energy issues with the Eurasian Customs Union. Holding a deep dependency on Russian natural gas, the EU has seen the contribution of other countries, such as Turkmenistan, Iraq, and Iran, to its energy demand in the prolonged perspective if the conditions are met to lift the sanction regime.

Furthermore, the EU is firm about diversifying its energy supply to reduce its dependency on Russian supplies. The energy transition in Europe has been viewed as catching two European birds, i.e., mitigating climate change and the energy security crisis, with one renewable stone. Energy has played a fundamental role because of the dependence of the EU on energy imports, mainly oil

and, more recently, gas which has formed the backdrop for policy concerns related to the security of energy supplies. Russian energy companies do not only export to Europe but also control the crucial European energy infrastructure. According to the European Commission's 2014 European energy security strategy, the Russian ownership of European refineries has added to the dependence on Russian crude oil. At present, Russia exports more energy to Europe than any other country. Thus, collectively the EU countries are the biggest purchasers of Russian oil and gas and will likely remain so.

Renewable Energy Sources and Fossil Fuels Energy Security has remained a concern. The rise of renewable energy has allowed the EU to develop its sources of clean energy in the longer term, while the falling out of the domestic production of oil and gas has meant that in the short- and medium-term dependent on fossil fuel imports. Renewable energy sources have been developed to enhance energy security and emission reduction. The European countries have been on the frontline when it comes to the improvement of efficiencies as well as the usage of renewable energy. The tax policies in European countries have been applied to reduce liquid fossil fuel consumption. As the energy security situation has been favorable, it is partly ascribed to developments over which the EU has little influence and the technological advances that have shown an era of abundant energy. This has, thus, made renewable energy an affordable alternative.

The ongoing concerns about energy security have been raised since the Arab Oil Embargo in 1973 when the oil-importing countries in Europe faced the effects of high oil prices and limited energy supplies. Climate change and energy security issues have highlighted the importance of developing renewable energy through the imprudent consumption of fossil fuels, political instabilities in the Middle East, and the uncertainties around supply disruption because of political disputes in Ukraine. Germany is considered the prelude to renewable energy generation, as it raised the share of renewable energy sources in its fuel mix to more than ten percent in 2014.

The energy security in Europe can be solved through energy supply diversification that mainly includes alternative energy corridors to reduce the dependency on Russian supplies and the enhancement of the power generated by renewable energy sources to meet energy targets, which are based on the EU 2020 strategy. The advanced technologies of Europe have enabled countries to produce renewable energy more cost-effectively. Renewable energies' profitability depends on the exhaustible energy market's prices. Thus, developing the renewable energy market in European countries is susceptible to price fluctuations in primary energy sources. While considering Europe's intention to organize a single synchronized system, the member countries must apply suitable mechanisms to support renewable energy enhancement.

Energy Security in Europe with Relations to Other Countries

Energy security has played an essential role in the common security of NATO alliances. The 22 countries that are members of the EU and NATO have cooperated on energy security through the alliance. The NATO activities include monitoring energy security risks and carrying out exercises to help NATO allies protect critical energy infrastructures from attacks by hostile states, terrorists,

and hackers. Article 194 of the Lisbon Treaty on the functioning of the EU sets Energy Security as one of the objectives of the EU energy policy.

As energy is a central issue on the EU's trade agenda, EU energy supplies have stood out to gain from liberalized and globalized markets. One of the EU's objectives in the now-stalled negotiations on a trade agreement with the United States was to secure access to US exports of oil and gas that at that time were restricted. The bilateral energy dialogue with Russia, Europe's leading supplier, has stalled since 2014. The EU has remained instrumental in negotiating with Russia on energy issues. As the world's largest importer, the EU has substantial leverage over countries such as Iran, Iraq, and Kazakhstan. Energy is by no means the only or the main factor that has shaped EU relations with the supplier countries. Energy security is, thus, undoubtedly crucial for the EU. The EU has endorsed global efforts to cut fossil fuel consumption through climate diplomacy. While serving climate and environmental objectives, there are also energy security implications. For instance, the EU's support for renewable energy and energy efficiency in Algeria could help limit Algerian domestic consumption. It would leave more gas available for export to Europe. At the global level, the rising use of renewable energy has helped to ease fossil fuel demand and keep prices down.

Iran, the world's fourth and second largest proven oil and natural gas reserves, respectively, has given massive potential as an energy supplier for the EU. However, as the tensions between Iran and the West continue, the country stands no chance of attracting huge investments to develop new gas fields or construct a pipeline to Europe. EU's decision to halt oil imports from the country was part of its sanctions against Iran's nuclear program in January 2012. Kazakhstan is already a significant supplier of oil and uranium to Europe. The EU is, by far, Kazakhstan's biggest export market, and oil accounts for practically all of these exports. Over half of the foreign direct investment in Kazakhstan comes from the EU with the help of European companies to develop Kazakhstan's hydrocarbon potential, primarily because of the oil. On the other hand, Azerbaijan also has set to become one of the significant gas exporters to Europe because of the Southern Gas Corridor that connects the Caspian region to Europe. Thus, the International Energy Agency (IEA) has aimed to ensure energy security, among other things, by compelling member countries to reduce their oil consumption and also to have adequate reserves in case of disruption.

Challenges Ahead

In the world of rising interdependency, the energy security of Europe will depend on how European countries manage their relations with other countries, i.e., in a bilateral or a multilateral framework. This is why energy security has been one of the main challenges for Europe's foreign policy in recent years. For the time being, diversification of gas supply sources for Europe has become a priority for the energy strategy and foreign policy of the EU.

With the progress made, much of the agenda remains to be completed. The challenges of energy poverty and greenhouse gas emissions growth in South Asia and the Sub-Saharan Africa region are acute. These countries will require a copious amount of international support to ensure both renewable and conventional energy sources that will be established to enable them to address

energy poverty. Today, the unstable political environment in the Middle East and Central Asia has limited the EU's maneuver area in terms of diversification of supplies. Here, Russia has remained a significant supplier of the member countries.

In contrast, the mutual interdependence on trade and especially energy has forced the EU and Russia to act rationally, as argued by the realists. There have been bilateral adverse effects of the EU's sanctions on Russia. The establishment of the EU energy institutions in the future will help deal with the energy issues of the member countries that manage their demands and supplies centrally. The intersection of energy and national security remains essential.

Energy and trade have interplayed across various fields, from energy transit to technology transfer to investment protection. Improvements can be made to the EU trading system to ensure greater energy security and a more efficient energy market. The international community can create single energy markets at the regional level in different regions and then connect the various regions. This has entailed the interconnection of grids and transit rules that might provide energy security globally. In the long run, promoting sustainable energy use abroad has indirectly contributed to EU energy security by making more efficient use of energy resources globally.

Suppose energy insecurity has been rising and the world's energy demand cannot always be met because of the insufficiencies of the global systems, dysfunctional energy policies, insufficient investments, or failing political stability in oil and gas-producing countries, economic and political crises in countries and regions outside of Europe. In that case, it will harm Europe's future economic and political stability. The only answer of the EU is to speak with one voice in its foreign energy policy. The higher dependency on energy imports and the considerable gap between energy consumption and production capacity has made the EU vulnerable to crises in the energy market. Investments in renewable energy have reduced the need for importing fossil fuels and direct electricity that anchorages energy security at the EU level.

Also, twenty-first-century access to energy sources has depended on a complex system of global markets, vast cross-border infrastructure methods, and interdependencies with financial markets and technologies. This is why energy security has risen high on the policy agenda of governments worldwide, especially in Europe.

Thus, EU measures to build resilience have played an important part. Also, the external European policy has made a valuable contribution. The EU has made sizeable investments, and the use of advanced technologies, in turn, has enabled the member countries to produce renewable energy more cost-effectively. Furthermore, the EU should not only offer new technologies for renewable energy sources and improve energy efficiency in its global energy partnership programs but also support explicitly multilateral approaches and concrete cooperation models.

References

Youngs, R. (2009). *Energy Security: Europe's New Foreign Policy Challenge* (1st ed.). Routledge.
<https://doi.org/10.4324/9780203882627>

Heshmati, Almas, and Shahrouz Abolhosseini, 'European Energy Security: Challenges and Green Opportunities,' in Douglas Arent and others (eds), *The Political Economy of Clean Energy Transitions* (Oxford, 2017; online edn, Oxford Academic, 18 May 2017), <https://doi.org/10.1093/oso/9780198802242.003.0015>,

Youngs, Richard. (2009). Energy security: Europe's new foreign policy challenge. *Energy Security: Europe's New Foreign Policy Challenge*. 1-230. 10.4324/9780203882627.

Miller, L. B. (1977). Energy, Security, and Foreign Policy: A Review Essay [Review of Oil and the Middle East War: Europe in the Energy Crisis.; Beyond the Energy Crisis.; Squeaking by.; The Oil Crisis: In Perspective.; Energy and World Politics., by R. J. Lieber, J. Maddox, R. Mancke, R. Vernon, & M. Willrich]. *International Security*, 1(4), 111-123. <https://doi.org/10.2307/2538626>

Rafael Leal-Arcas, Juan Alemany Rios & Costantino Grasso (2015) The European Union and its energy security challenges: engagement through and with networks, *Contemporary Politics*, 21:3, 273-293, DOI: 10.1080/13569775.2015.1061242

The energy dimension of the EU Eastern Partnership initiative in restructuring Europe's security architecture. June 2022 Lithuanian Annual Strategic Review 19(1):99-136 DOI:10.47459/lasr.2021.19.5.

EU Imports of Energy Products-Recent Developments, Eurostat, October 2018, accessed May 30, 2019, https://ec.europa.eu/eurostat/statistics-explained/index.php/EU_imports_of_energy_products_-_recent_developments

M. Asif, T. Muneer, Energy supply, its demand and security issues for developed and emerging economies, *Renewable and Sustainable Energy Reviews*, Volume 11, Issue 7, 2007, Pages 1388-1413, ISSN 1364-0321, <https://doi.org/10.1016/j.rser.2005.12.004>.

Lynne Chester, Conceptualising energy security and making explicit its polysemic nature, *Energy Policy*, Volume 38, Issue 2, 2010, Pages 887-895, ISSN 0301-4215, <https://doi.org/10.1016/j.enpol.2009.10.039>.