Energy Politics and EU-Russia Gas Interdependence: Implications for Russia's Structural Power

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Abstract

This article aims at questioning the reality of energy politics in Eastern Europe with regards to the European Union (EU)-Russia gas relation. It addresses energy relations under the prism of Robert Keohane and Joseph Nye's interdependence framework and Susan Strange's theory of Structural Power. It then examines the security implications of the 2006 and 2009 gas crises for the EU and Russia. Overall, it demonstrates that Russia's dependence on European markets impairs its structural power over energy politics through addressing the EU-Russia energy relation and structural power dynamics.

Keywords: Energy politics, Russia, The European Union, Structural Power, Interdependence, Ukraine

Introduction

Amid heated tensions regarding the migrant crisis between Belarus, Poland, and the European Union (EU), Belarus President Alexander Lukashenka recently threatened to cut off Europe's gas access.[1] This threat answered European Commission President Ursula Von der Leyen's calls to impose a renewed sanction regime against the Belarusian economy and certain individuals.[2] Lukashenka's threat to interrupt deliveries of Russian gas via the Yamal-Europe pipeline undoubtedly stirred unease among European leaders. . This recent development thus rekindled the debate around EU energy dependence, especially concerning Russia.

Energy is an integral part of Russia's domestic and foreign policy. Domestically, the Russian government plays a critical role in the energy market. For instance, it dictates price changes of the country's leading companies, such as Gazprom.[3] Gazprom plays a 'societal role' in this state-controlled energy market, meaning it plays a specific role by providing energy at a subsidised price to the Russian

[1] *BBC News, "Belarus threatens to cut off gas to EU in border row," BBC News, November 11, 2021 (accessed 21 November 2021), https://www.bbc.com/news/world-europe-59246899.*

[2] Sandfor Alasdair, "Belarus: Lukashenko Threatens to Cut Gas Supplies if EU Levies More Sanctions Over Migrants," *Euronews*, November 12, 2021 (accessed 21 November 2021), https://www.euronews.com/2021/11/11/belarus-lukashenko-ponders-cutting-gas-supplies-if-eu-levies-more-sanctions-over-migrants.

[3] Interfax, "Gazprom Will Not Provide Discounts For Gas Without Agreement With Federal Authority," *Interfax*, September 11, 2012 (accessed 21 November 2021), https://interfax.com/newsroom/top-stories/54430/.

population.[4] Internationally, Gazprom is a prominent actor in European energy markets, investing thoroughly in its distribution networks to Europe via its monopoly over Russian exports to the EU.[5]

Thanks to these internal and domestic components, Russia benefits from heavy leverage in its 'near-abroad' (chiefly Belarus and Ukraine) via long-term contracts and indexed prices,[6] thus demonstrating its 'energy superpower' ideology, [7] as illustrated by the 2004 Russia–Belarus gas crisis and successive Ukraine-Russia energy crises in 2006 and 2009.

In this way, energy is a crucial aspect influencing EU-Russia relations: ranging from oil and gas extraction and transit infrastructure to supply, demand and taxes. Thus, the phrase 'energy politics' is often discussed in characterising Russia's handling of its oil and gas resources and relations with client-states (those countries dependent on Russian energy resources). Consequently, analysts often refer to it as a vested diplomacy tool, mobilised in times of crisis. For instance,

[4] Evert Faber Van der Meulen, "Gas Supply and EU-Russia Relations," *Europe-Asia Studies* 61, no. 5 (July 2009): 847, https://doi.org/10.1080/09668130902905040.
[5] *Ibid*, 850.

[6] Andrej Krickovic, "When Interdependence Produces Conflict: EU–Russia Energy Relations as a Security Dilemma", *Contemporary Security Policy* 36 (March 2015): 15, https://doi.org/10.1080/13523260.2015.1012350.

[7] Vladimir Putin, 2005, "Vstupiterno Slovo Na Zasedanii Soveta Besopastnosti po Voprosu o Roli Rossii Obespechenii Mezhdunarodnoi Energeticheskoi Besopastnosti [An Introductory Word at the Security Council's Meeting on the Question of Russia's Role in Providing International Energy Security]," *Kremlin.ru*, December 22, 2005, (accessed 23 November 2021) https://archive.kremlin.ru/text/appears/2005/12/99294.shtml.

Germany threatened to stop the building of the Nord-Stream 2 pipeline following the poisoning of Russian political opponent Alexey Navalny.[8]

Given the significance of the Russian oil industry, energy exports confer the Kremlin structural power. Structural power relates to the ability to (i) actively construct and shape the very framework and settings within which the subject evolves and relates to other actors, as well as (ii); decide on specific ways of proceeding.[9]

Oil and gas are generally analysed together when studying energy politics. This paper, however, focuses exclusively on gas. Conversely to oil, gas is transported via specific transit pipelines regulated by bilateral transit agreements.[10] Hence, gas represents an instrument of power for exporting and transit countries.[11]

[8] Marianna Fakhurdinov and Sergiy Solodkyy, "How Germany Alters Attitude To Nord Stream-2 After Navalny Poisining," *New Europe Center*, September 12, 2020, (accessed 21 November 2021) http://neweurope.org.ua/en/analytics/toksychna-rosiya-yak-nimtsi-zminyuyut-stavlennya-do-nord-stream-2-pislya-otruyennya-navalnogo-2/

[9] Susan Strange, *The Retreat of the State: The Diffusion of Power in the World Economy* (Cambridge Studies in International Relations. Cambridge: Cambridge University Press, 1996), https://doi.org/10.1017/CBO9780511559143.

[10] Andreas Goldthau, "Russia's Energy Weapon Is a Fiction," *Europe's World*, no. 8 (Spring 2008), note 34.

[11] Andreas Heinrich, "Commentary: Yes, But That Doesn't Mean Europe Will Be Warm And Secure. A Response To Goldthau," *Europe's World*, no. 8 (Spring 2008).

However, the debate remains regarding Russia's energy politics utility as powerful foreign policy leverage within the reality of complex contexts:[12] how effective is Russia's structural power in waging energy wars and actively shaping the outcomes of its negotiations? This article illustrates that the EU possesses tools to counter future gas wars waged by Russia. Ultimately, it demonstrates that Russian has limited — if any — structural power in the international energy field. To assess Russia's structural power, this article characterises EU-Russia energy relations under the prism of interdependence and studies the security implications of this relation. It then analyses the 2006 and 2009 gas wars, as they both represented watersheds in the perception of Russia's foreign policy *vis-à-vis* the EU, before addressing the implications for Russia's structural power.

Characterising the EU-Russia Energy Relation

Conceptualising the EU-Russia energy relation is no easy task. While many contend the EU is heavily dependent on Russia for energy, others argue it is the other way around.[13] One way to go beyond this divergence is to conceptualise this relationship as one of interdependence.

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[12] Alexander Gabuev, "How Will Moscow Use Its Energy Leverage Over Europe?," *Foreign Policy*, October 19, 2021, (accessed 21 November 2021) https://foreignpolicy.com/2021/10/19/europe-energy-crisis-russia-gas-gazprom-nord-stream/.
[13] Chi-Kong Chyong and Vessela Tcherneva, "Europe's Vulnerability on Russian Gas," *European Council on Foreign Relations*, March 17, 2015, (accessed 21 November 2021) https://www.ecfr.eu/article/commentary_europes_vulnerability_on_russian_gas

The interdependence framework is generally associated with Robert Keohane and Joseph Nye's works.[14] Interdependence exists between two or more actors when 'there are reciprocal (although not necessarily symmetrical) costly effects of transactions.' [15] These costs relate to two different but complementary dimensions — sensitivity and vulnerability. Sensitivity "involves degrees of responsiveness within a policy framework."[16] It relates to how changes in one country cascade to another country and the costs of this cascading. Vulnerability designates one actor's "liability to suffer costs imposed by external events even after policies have been altered."[17] These relate to the number of alternatives available: the fewer the options, the higher the costs.

Robert Keohane and Joseph Nye differentiate between symmetrical and asymmetrical relations of interdependence.[18] The difference between them lies in the level of dependence between the two parties. When both parties are equally dependent on each other, the situation is symmetrical. Conversely, when one party is more dependent on the other, the relation becomes asymmetrical. With time, a symmetrical relationship can become asymmetrical, where this situation

[14] See Robert Keohane and Joseph Nye, *Power and Interdependence* (Longman Studies in Political Sciences. Pearsons, 2011 [original 1977]); and Robert Keohane and Joseph Nye, "Power and Interdependence Revisited," *International Organization* 41, no. 4 (1987), https://doi.org/10.1017/S0020818300027661.

[15] Keohane and Nye, *Power and Interdependence*, 8.

[16] *Ibid*, 10.

[17] *Ibid*, 11.

[18] *Ibid*, 10-15

is significant for the analysis. Consider an asymmetrical interdependence setting, where party A is asymmetrically dependent on party B. If A decides to reduce its dependence on B by diversifying its alternatives, it risks increasing B's substantial reliance on A. It engenders a classical security dilemma, where the security of one increases the insecurity of the other.[19] From this framework,[20] Tom Casier draws four criteria for addressing the EU-Russia relations as an energy security challenge. For this issue to exist, the needs to be (i) a genuine vulnerability to dependence; (ii) an acute asymmetrical interdependence; (iii) energy dependence needs to be on top of the agenda; and (iv) there are political incentives to use energy as a weapon.[21] These theoretical insights will help assess whether there is dependence or interdependence between Russia and the EU, as well as the reality of gas exports and imports in the EU and Russia to evaluate Russia's structural power.

The EU-Russian energy relation genuinely relies on gas imports and exports. Indeed, the EU is relatively dependent on imports of natural gas from Russia,

[19] Krickovic, "When Interdependence Produces Conflict", 18-20.

[20] Robert Keohane and Joseph Nye's definition of interdependence remains heavily debated. For an interesting (re)definition of the concept, see Huawei Zheng, "Fragile Interdependence: The Case of Russia-EU Relations," *Cambridge Review of International Affairs*, (November 2020) https://doi.org/10.1080/09557571.2020.1839018.

[21] Tom Casier, "The Rise of Energy to the Top of the EU-Russia Agenda: From Interdependence to Dependence?," *Geopolitics* 16, no. 3 (2011): 541, https://doi.org/10.1080/14650045.2011.520862.

with nearly 39 % for the fourth quarter of 2019.[22] Yet, this dependence is not uniform. Indeed, the share of imported gas in the energy mix varies from country to country and tends to be higher during cold winters and lower in the summer. EU member states such as the Baltic States (Estonia, Latvia and Lithuania) and Finland heavily depend on Russian natural resources. For instance, in 2013, 100 % of their gas imports came from Russia. In comparison, the French and Italian imports amounted to 18 % and 34 % respectively.[23] This stark difference is explained by these countries' geographical position, being the closest European clients to Russia. While this trend decreased down to 88 % for Estonia in 2017,[24] it is nonetheless salient to assert that this differentiated dependence divides the EU over hard- and soft-liners on whether or not to differentiate dependence between member states, or to comply with future shared energy policies. Accordingly, it increases the fragility of the European energy policy and provides a structural advantage for Russia. This striking dichotomy is thus considered the

[22] Market Observatory for Energy, "Quarterly Report on European Gas Markets with focus on the impact of global LNG markets on EU gas imports," *European Commission* 12, no. 4 (2020): 4, (accessed 21 November 2021) https://ec.europa.eu/energy/files/documents/quarterlyreportoneuropeangasmarkets2019zip_en.
[23] Dave Jones, Manon Dufour and Jonathan Gaventa, "Europe's Declining Gas Demand: Trends and Facts about European Gas Consumption," *E3G* (June 2015): 9, (accessed 22 November 2021) https://www.e3g.org/library_asset/europes-declining-gas-demand-trends-and-facts-about-european-gas-consumptio/.
[24] International Energy Agency, "Energy policies of IEA countries. Estonia 2019 Review," *International Energy Agency* (2019): 17, (accessed 23 November 2021) https://www.iea.org/reports/energy-policies-of-iea-countries-estonia-2019-review.

EU's main weakness, given the threat of market fluctuations, supply depletions and gas wars.[25]

This discrepancy and dependence on Russian exports has prompted the EU to diversify its suppliers. Accordingly, it strives to reach lower-cost markets, promote alternative energy resources and enhance inter- and intra-Member-States connectivity.

At the regional scale, the Baltic States have taken initiatives to reduce if not counter their dependence on Russia. Accordingly, Lithuania opened in 2014 a Liquefied Natural Gas (LNG) terminal to provide alternatives for Russian gas,[26] while Estonia and Finland built the joint Balticconnector LNG transit pipeline, directly linking the two countries.[27] The implementation of internal European mechanisms thus helps to diversify the source of supplies and increase market liberalisation. At the institutional scale, since the early 2000s, the European Commission created works for integrated EU energy markets with prevalent gas infrastructures to increase the importance of some projects such as 'South

[25] Heli Simola, "Limited Interdependence in EU-Russia Trade," in *Post-Crimea Shift in EU-Russia Relations: From Fostering Interdependence to Managing Vulnerabilities*, eds. Kristi Raik and András Rácz (Tallinn: International Centre for Defence and Security, 2019), 130.

[26] Milda Seputyte, "Lithuania Grabs LNG in Effort to Curb Russian Dominance," *Bloomberg*, October 27, 2014, (accessed 25 November 2021) https://www.bloomberg.com/news/articles/2014-10-27/lithuania-grabs-lng-in-effort-to-curb-russian-dominance.

[27] Gasum, "Balticconnector Executive Summary Report," *Gasum* (February 2011), (accessed 25 November 2021) http://www.gasum.com/gasnetwork/Documents/Balticconnector-Executive Summary Report-10022011.pdf.

Stream' (later cancelled in 2014[28]), to balance Gazprom's share in the energy market. [29] Furthermore, the EU promoted a 'Southern energy corridor' to bypass Russian pipelines through the Baku-Tbilisi-Ceyhan pipeline transporting oil from Azerbaijan, Kazakhstan, and Turkmenistan to Europe.[30] Together, these different initiatives demonstrate the various steps taken by member-states to diversify and secure their energy supplies.

However, this is not a one-sided dependence. Indeed, 70 % of the gas Russia exports go to EU member-states,[31] illustrating its vulnerability and sensitivity to European imports. Besides, this share of gas exports represents circa 60 % of its export earnings, therefore critically weighing in the domestic and external budgets.[32] Given the significance of European imports, Russia secured bilateral partnerships with some EU member-states, most notably with Germany, a country considerably dependent and interested in securing additional connections

[28] Darya Korsunskaya, "Putin Drops South Stream GasPipeline to EU, Courts Turkey", *Reuters*, December 1, 2014, (accessed 24 November 2021) https://www.reuters.com/article/us-russia-gas-gazprom-pipeline-idUSKCN0JF30A20141201.

[29] Filippos Proedrou, "Russian Energy Policy and Structural Power in Europe," *Europe-Asia Studies* 70, no. 1 (2018): 80-81, https://doi.org/10.1080/09668136.2017.1419169.

[30] Krickovic, "When Interdependence Produces Conflict", 12-13.

[31] Casier, "The Rise of Energy to the Top", 542.

[32] *Ibid*.

with Russia's gas pipelines.[33] The Nord-Stream 1 and 2 projects illustrate this interest in bilateral energy relations, both on the demand and supply sides. Indeed, Nord Stream 1 is designed to bypass transit countries to deliver gas to Germany thus satisfying both parties, especially Russia.[34]

Russia also strives to extend its pipeline networks to other markets to reduce its dependency on specific transit countries, especially Ukraine.[35] In late 2019, Ukraine was the primary transportation country for Russian gas, covering up to 43 % of the total share of Russian pipelines.[36] It is therefore understandable why Russia would establish direct bilateral partnerships with EU member-states. It has also developed new infrastructures such as the Blue Stream Pipeline with Turkey in 2005 to prevent Black Sea states from exporting and transporting gas to the EU.[37]

Finally, Russia has sought to open new markets and has taken steps since the early 2010s to turn towards China. Both countries signed a $270 billion agreement to double Russia's oil exports to China in 2013. A year later, they

[33] Marco Siddi, "The Role of Power in EU–Russia Energy Relations: The Interplay between Markets and Geopolitics," *Europe-Asia Studies* 70, no. 10 (2018): 1562, https://doi.org/10.1080/09668136.2018.1536925.

[34] Chyong and Tcherneva, "Europe's Vulnerability on Russian Gas".

[35] Krickovic, "When Interdependence Produces Conflict", 17.

[36] Market Observatory for Energy, "Quarterly Report on European Gas Markets", 4.

[37] Sergei Blagov, "Russia Tries to Scuttle Proposed Trans-Caspian Pipeline," *Eurasianet.org*, March 27, 2006, (accessed 24 November 2021) http://www.eurasianet.org/departments/insight/articles/eav032806.shtml.

signed a $400 billion deal to deliver about one-fifth of China's total natural estimated gas consumption between 2018 and 2047. [38]

Despite these successful deals, Russia's exports were challenged by the 2008 financial crisis and issues of natural resources depletion.[39] While demonstrating Russia's vulnerability to the European market, these also risk creating sustainability issues for future production.[40]Accordingly, Russia finds fewer incentives to leave the EU energy market, thus generating a 'reluctant compliance' set-up.[41] It describes one framework where although one player may be unsatisfied in the energy relation, it nonetheless (reluctantly) complies with the market rules. Besides, there is a lack of short-term and immediate alternatives for both players. Indeed, the EU depends on Russian energy supplies, whereas Russia depends on European demand:, importing energy from new markets would require planning and building new pipelines and structural adjustments within energy companies. Moreover, if Russia were to cut off its exports to the EU, it would lose a high share of its export revenue.[42] Finally, there are doubts

[38] Richard Weitz, "The Russia-China Gas Deal: Implications And Ramifications," *World Affairs* 177, no. 3 (September/October 2014): 80, (accessed 21 November) http://www.jstor.org/stable/43555259.

[39] Elena Mazneva, "Russia Has a Gaz Problem Nearly the Size of Exports to Europe," *Bloomberg*, September 3, 2021, (accessed 23 November 2021) https://www.bloomberg.com/news/articles/2021-09-03/russia-has-a-gas-problem-nearly-the-size-of-exports-to-europe.

[40] Goldthau, "Russia's Energy Weapon Is a Fiction".

[41] Proedrou, "Russian Energy Policy and Structural Power", 83.

[42] Casier, "The Rise of Energy to the Top", 543.

regarding the sustainability of Russia's aggressive energy position, given the resource depletion issues.[43]

Thus, the EU-Russian energy relation is characterised by strong interdependence where both players have diverging interests, although both depend on one another for demand and supply. This relation is also defined by reluctant compliance, given the lack of alternatives and obstacles to further diversification.

Still, interdependence does not go far enough in addressing structural power challenges. Something more prominent exists and constrains Russia and the EU to sustain this interdependence: security concerns. These energy security challenges are exacerbated by two diverging conceptions of energy studied in the the following section: gas as a means of leverage and pressure tool, versus gas as a resource to liberalise and normalise

Implications of Reluctant Interdependence for the Power Agenda

Despite and partly due to this reluctant compliance, both players have opposed conceptions of energy politics. On the one hand, Russia perceives energy as a powerful foreign policy tool. Russia strives to counterbalance the EU institutional presence in the Baltic Sea Region by playing with the Baltic dependence on Russian energy supplies. Therefore energy enables Russia to

[43] *Ibid*.

further its claims in the region.[44] On the other hand, the EU follows a more liberal line, converse to the Russian 'sovereign' conception of energy.[45] For instance, the EU favoured market liberalisation via the 1994 Energy Charter Treaty (ECT), implemented in 1998.[46] Legally binding, the ECT establishes harmonised rules for the entire European energy market, from extraction and transport to distribution.[47] Yet, unwilling to liberalise its state-owned enterprises and pipelines, Russia refused to sign the ECT and resorted to using 'energy policy as a geopolitical weapon.' [48]

Therefore, more than representing purely diverging interests, the EU-Russia energy interdependence embodies conflicting foreign and market policies. What are the economic and security implications of two such diverging visions and reluctant compliance?

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[44] Andrey Makarychev and Alexander Sergunin, "Russia's Role in Regional Cooperation and the EU Strategy for the Baltic Sea Region (EUSBSR)," *Journal of Baltic Studies* 48, no. 4 (April 2017): 467.

[45] This sovereign view of energy politics relates (i) domestically to the important role the Russian government plays in the energy field, and (ii) externally via to a strong monopoly over the European market coupled to high prices. For more implications of this term, see Krickovic, "When Interdependence Produces Conflict".

[46] Viacheslav Morozov, "Identity and Hegemony in EU-Russia relations: Making Sense of the Asymmetrical Entanglement," in *EU-Russia Relations in Crisis: Understanding Diverging Perceptions*, eds. Tom Casier and Joan DeBardeleben (London, New York: Routledge, 2018), 40.

[47] Energy Charter Treaty, "The International Energy Charter Consolidated Energy Charter Treaty. With Related Documents," *Energy Charter Treaty*, (January 15, 2016): 14.

[48] Anna-Sophie Maass, *EU–Russia Relations, 1999-2015: From Courtship to Confrontation* (London, New York: Routledge, 2017), 115.

Economically, the interdependence satisfies both players and bolsters their economic ties. Structurally, however, the differentiated dependence between member-states hinders EU energy security and impairs Russia's attempts at modernisation and its 'resource curse.'[49] It takes place despite both actors pressurising the other into complying with its terms via market liberalisation pushed by the EU and Russia's assertive energy policy.Given this situation, both actors are unlikely to quit the market due to the economic benefits, nor to impair too starkly the other's capacity within the interdependence relation, given the interweaving. It remains to tackle the security implications of such interdependence for comprehensively assessing Russia's structural power.

Therefore, it is understandable that energy dominates the EU-Russia 'power agenda' and shapes their relation.[50] This symmetrical interdependence gives rise to concerns over an energy security dilemma in Eastern Europe.[51] A security dilemma designates a situation where each state striving to increase its security causes its neighbour's militarisation, the latter fearing the former's growing

[49] Moises Naím, "Russia's Oily Future: Overcoming geology, not ideology, will become Moscow's greatest challenge," *Foreign Policy* 94, no. 5, October 29, 2009, (accessed 21 November 2021) https://foreignpolicy.com/2009/10/29/russias-oily-future/.

[50] Casier, "The Rise of Energy to the Top", 543.

[51] Krickovic, "When Interdependence Produces Conflict", 18-20.

power. Thus, each player threatens the safety of the others, leading to a domino effect.[52]

It has been established that in EU-Russia interdependence both parties have conflicting interests and tools of pressure. If the EU attempted to further its interests by establishing new partnerships, Russia could cut energy supply. In turn, if Russia tried to institutionalise a regional monopoly over gas supply, the EU could pressure Russia into liberalising its markets via economic leverages. This situation thus illustrates the logic of security dilemma previously introduced. It provides a new perspective to the EU-Russia energy reluctant interdependence and adds security issues to the already tense energy relation. Indeed, both actors have vested interests concerning oil and gas demand, transportation and supply. These interests create diverging consequences and policy implications. We thus have two different push and pull levers: sovereign assertion versus liberalisation and normalisation of energy relations between the EU and Russia.

To assess Russia's structural power, it remains to address how these mechanisms clash during crises. The following section tackles the 2006 and 2009 Ukraine-Russia gas wars and the consequences for the EU. Indeed, by demonstrating that

[52] Robert Jervis, "Cooperation Under the Security Dilemma," *World Politics* 30, no. 2 (1978): 167-174.

using energy as a foreign policy tool involved genuine costs for Russia, they prove a relevant case study supporting the argument of limited Russian structural power.

A Short History of Energy Politics

The Russian government actively exploited this complex energy relationship during the 2006 and 2009 Ukraine gas wars. The increasing politicisation of EU-Russia energy relations led European member states to consider interdependence as a threat.[53]

Ukraine is critical for the European energy field, both for suppliers and demanders, as Russia exports gas to Ukraine and the EU via Ukraine. Indeed, 78 % of the exports of Russian gas to the EU transit via Ukraine.[54] Being part of Russia's near-abroad, Ukraine became a point of contention between Russia and the EU regarding North Atlantic Treaty Organisation's (NATO) expansion to Ukraine. These were exacerbated by Ukraine joining NATO's Partnership for

[53] *Ibid*, 549.

[54] Pami Aalto and Kristen Westphal, "Introduction," in *The EU-Russia Energy Dialogue: Securing Europe's Future Energy Supply*, ed, Pami Aalto (Aldershot: Ashgate 2008), 23.

Peace initiative,[55] and entering into the Intensified Dialogue Programme in 2005.[56]

In parallel to challenges regarding NATO expansion, tensions around gas transit arose in 2004 due to a mix of economic and structural causes revolving around Ukraine benefitting from subsidised Russian gas prices, as both a neighbouring state and a transit country.[57]

These subsidised prices meant that the prices required for Ukrainian imports of Russian gas were cheaper than the European ones. Hence, following the Russian government's decision to raise these subsidised prices up to the level of the European market, Ukraine condemned this move and threatened to decrease its imports of Russian natural gas. TheRussia-Ukraine political relationship was tense, as exemplified by the 2004 Orange Revolution. Indeed, it represented the first major political crisis between the EU and Russia and radically transformed both players' perceptions of the other.[58]

[55] Serhy Yekelchyk, *Ukraine: Birth of a Modern Nation* (Oxford University Press, 2007), 202.

[56] NATO, "NATO launches 'Intensified Dialogue' with Ukraine," *NATO*, April 20, 2005, (accessed 21 November 2021) https://www.nato.int/docu/update/2005/04-april/e0421b.htm.

[57] Casier, "The Rise of Energy to the Top", 545.

[58] Maass, *EU–Russia Relations, 1999-2015*, 84.

EU mediation efforts in Ukraine led Russian President Vladimir Putin to label these attempts as foreign interventions to "impose democracy from the outside."[59]

However, more than representing a new precedent, the Orange Revolution provided the Russian government with an incentive to use non-conventional means of leverage, given the European and Ukrainian dependence on this resource.

Accordingly, political tensions accumulated and prompted Russia to mobilise gas as a foreign policy tool in an attempt to push the EU to cease alleged interventions in Ukraine. On 1 January 2006 Gazprom cut off gas supplies to Ukraine by shutting down transit pipelines transporting gas to the EU.[60] This caused shortages in nine of the twenty-five EU member-states.[61] While lasting only for a few days, this act had genuine symbolic implications.[62] It illustrated that gas

[59] Daniel Averre, "Russia and the European Union: Convergence or divergence?," *European Security* 14, no.2 (2005): 187

[60] Maass, *EU–Russia Relations, 1999-2015*, 129.

[61] *Le Monde, "Gaz : l'Europe Ressent les Premiers Effets de la Coupure des Vannes Entre la Russie et l'Ukraine [Gas: Europe Feels the First Effects of the Cut of the Valves Between Russia and Ukraine]," Le Monde, January, 1 2006, (accessed 21 November 2021) https://www.lemonde.fr/europe/article/2006/01/01/gaz-l-europe-s-inquiete-de-la-fermeture-des-vannes-entre-la-russie-et-l-ukraine_726236_3214.html*.

[62] Casier, "The Rise of Energy to the Top", 545.

could be manipulated as a political and diplomatic instrument of foreign policy and "transformed the understanding of gas spat tactics into a broader strategy of using energy leverage as a form of foreign policy to bring about a change in behaviour of another actor."[63] Yet, more than a symbolic watershed, the first gas crisis demonstrated the failure of existing bilateral and multilateral energy policies.[64] It occurred amidst a clash over energy policy following EU attempts to liberalise Russia's energy companies and market by issuing the Green Paper on the security of energy supply[65] and urging Russian to ratify the ECT.[66] This clash over energy stemmed from the two actors' very different conceptualisations of energy policy previously studied. In this context, the January 2006 interruptions of supply to Ukraine by Gazprom renewed the EU's concerns over energy security, intensifying the talks on building the Nabucco pipeline from Turkey to Austria by signing a ministerial statement on the issue.[67]

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[63] Amelia Hadfield, "Energy and Foreign Policy: EU-Russia Energy Dynamics," in *Foreign Policy. Theories, Actors, Cases*, eds. Steven Smith, Amelia Hadfield, and Tim Dunne (Oxford: Oxford University Press 2008), 332.

[64] Tatiana Romanova, "EU–Russian Energy Relations. Do Institutions Stand the Test?," in *EU-Russia Relations in Crisis: Understanding Diverging Perceptions*, eds. Tom Casier and Joan DeBardeleben (London, New York: Routledge, 2018), 88.

[65] EUR-Lex, "Green Paper on the Security of Energy Supply," *EUR-Lex*, October 2, 2007 (accessed 22 November 2021) https://eur-lex.europa.eu/legal-content/CS/TXT/?uri=LEGISSUM:l27037.

[66] Maass, *EU–Russia Relations, 1999-2015*, 114.

[67] Budapest Nabucco Summit, "Declaration of the Budapest Nabucco Summit," *Budapest Nabucco Summit*, January 27, 2009, (accessed 22 November 2021) *https://web.archive.org/web/20090718190013/http:/www.kormanyszovivo.hu/media/retreive_file/14828?lang=hu*.

The gas crisis of early 2009 was longer and had far-reaching implications for EU-Russia energy relations.[68] Differing from the previous conflict, however, fingers were less readily pointed in the direction of Russia. Yet it was the most serious gas dispute in the region.[69] The basis for this crisis was a failure of an agreement on tariffs of gas supplies from Russia to Ukraine and transit between Russia and Europe. Russia interrupted its gas exports to Ukraine three years after Gazprom's cuts on 1 January 2009, this time affecting sixteen EU member-states. The crisis starkly damaged the reputation of Ukraine and Russia and prompted the EU to renew talks on transit projects bypassing Ukraine and diversifying the source of supplies.[70] It was argued that "[t]he main lesson learned from this crisis is that Russia and Ukraine aren't reliable suppliers. Europe must think about alternative sources and pipelines." [71]

The European Commission reacted by attempting mediation and monitoring, For instance, it sent a monitoring mission to Ukraine to resume gas flows. However,

[68] Casier, "The Rise of Energy to the Top", 545.

[69] Simon Pirani, Jonathan Stern and Katja Yafimava, "The Russo-Ukrainian Gas Dispute of January 2009: a Comprehensive Assessment," *Oxford Institute for Energy Studies* (February 2009): 4.

[70] Pirani, Stern and Yafimava, "The Russo-Ukrainian Gas Dispute of January 2009", 51.

[71] Czech Government, "Czech Presidency Faces Up to Gaza and Gas Dispute," *Czech Government*, January 29, 2009, (accessed 23 November 2021) www.vlada.cz/en/media-centrum/aktualne/czech-presidency-faces-up-to-gaza-and-gas-dispute-52572/.

due to a lack of cooperation from Russian and Ukrainian companies and enforcement from the Commission, the mission failed and left European gas societies to work on restoring the flow.This failure in playing a role in the crisis illustrated that the EU "had little political credibility or political leverage with either Ukraine or Russia."[72] It demonstrated the failure of the ECT post-2006 in preventing transit challenges.

While there were suggestions of a build-up of tensions leading to a Russia-Ukraine gas crisis in early 2008[73], the 2009 gas war acted as a watershed because the cuts lasted for two weeks and had tremendous humanitarian impact in South-Eastern European states outside of the EU.[74] In such a way,the 2009 gas war further exemplified the potent tool gas represented to the Russian foreign policy. While the cuts only affected non-EU states, they served as a genuine reminder to the EU that gas dependency could have stark consequences.

Following the 2006 and 2009 gas wars in Ukraine, the priority for both players was to prevent similar crises from occurring again. The wars increased mistrust

[72] Pirani, Stern and Yafimava, "The Russo-Ukrainian Gas Dispute of January 2009", 47.

[73] Tom Miles, "Europe Faces Fresh New Year Russian Gas Crisis", *Reuters*, July 8, 2008, (accessed 22 November 2021) https://www.reuters.com/article/russia-gas-idUKHKG1655620080708.

[74] Pirani, Stern and Yafimava, "The Russo-Ukrainian Gas Dispute of January 2009", 53.

towards Russian energy management and impacted the incomes of Russian firms. Besides, these gas crises paved the way for the politicisation of the energy discourse and relations between the EU and Russia generally.[75] This politicisation translated into European and Russian statements departing from a purely economic approach to energy towards "the interpretation of decisions in a geopolitical and strategic way, stressing issues of dependence and security."[76] As a consequence, EU-Russia energy relations became scrutinised under the prism of "competitive geopolitical terms."[77]

The 2014 annexation of Crimea by Russia (or the so-called 'Ukraine crisis') represents another milestone in the EU-Russia energy relationship. Indeed, the Ukraine crisis (re)politicised energy relations at another level with the introduction of economic sanctions by the EU and the direct targeting of Russian gas. As a matter of fact, the EU introduced four series of restrictive measures against Russia. It froze negotiations regarding the EU-Russia agreement that would succeed in the Partnership and Cooperation Agreement,[78] banned any

[75] Casier, "The Rise of Energy to the Top", 545-547.

[76] *Ibid*, 540.

[77] *Ibid*.

[78] For complentary information, see EUR-Lex, "EU–Russia Partnership and Cooperation Agreement," *EUR-Lex*, October 10, 2016, (accessed 22 November 2021) https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=LEGISSUM%3A28010102_2.

commercial contact with Crimean companies and, in August 2014, enacted sectoral sanctions targeting the Russian military and energy sectors.[79] This specific targeting of the energy sector as a reaction to the Ukraine crisis demonstrated critical politicisation of the energy field, discourse and politics.

Yet, given this genuine symbolic impact, the gas wars were not as effective for Russia and as destructive for the EU as some would like to argue. Indeed, there were no direct disruptions of gas supplies to EU member-states. Hence, the use of gas as an energy weapon can only, at best, be a potent deterrent.[80] Besides, using gas as a weapon comes with a price for the one waging this energy war, and given the heavy Russian dependence on the EU market and demand, this could prove a cost too high to pay. These costs and limitations are suggestive of Nye and Keohane's emphasis on *vulnerability* in interdependence; and as such, consequences for Russia's structural power.

[79] Romanova, "EU–Russian Energy Relations", 86.

[80] Casier, "The Rise of Energy to the Top", 545.

EU Energy Insecurity? Russia's Structural Power and Reflections on Belarus

Arguably, the EU-Russia relation is one of interdependence, characterised by "reluctant compliance." [81] The study of these two gas wars illustrates that the energy relation was progressively politicised and mobilised as a security instrument. Yet, the 2014 gas crisis was a landmark for several reasons but demonstrated the European will to use energy as a diplomatic tool. It remains now to delve deeper into the notion of structural power,[82] essential to answer the question: how effective is Russia's structural power in waging energy wars and actively shaping the outcomes of its negotiations?

Tom Casier identifies four criteria for characterising dependence as an energy security issue for one or several parties. To illustrate insecurity in the EU-Russia energy relation, these criteria should theoretically demonstrate (i) a genuine European supply vulnerability, (ii) no demand dependence from Russia, (iii) the prevalence of energy power and politics on the agenda, and (iv) Russia's intent to couple energy politics to foreign policy.[83] Casier concludes that this high dependence from the EU on Russian energy gives no concrete evidence on a

[81] Proedrou, "Russian Energy Policy and Structural Power", 83.

[82] Strange, *The Retreat of the State*.

[83] Casier, "The Rise of Energy to the Top", 541.

security problem. This may seem striking, given the security issues the precedent section addressed.

The concept of structural power allows to further develop Casier's argumentation. In the context of energy politics, structural power designates "the ability to dictate the rules of the energy trade and structure the alternatives available to other players." [84]

Theoretically, one can argue that Russia enacts successful structural policies concerning energy, mainly in its near-abroad and in the post-Soviet space. It was related to critical path-dependencies and assertive lobbying from Russian oil and gas companies in transit countries.[85] Via these means, energy security constitutes an agenda priority for Russia. Accordingly, it actively strives to influence the baseline oil and gas prices and negotiate advantageous trade agreements.[86] Yet, in practice, this structural power is not all-encompassing and meets some shortcomings.

The case of Belarus demonstrates an interesting case study on this aspect of energy security relations. First, Belarus and Russia share a particular energy

[84] Proedrou, "Russian Energy Policy and Structural Power", 78.
[85] *Ibid*, 79.
[86] *Ibid.*

relation with no precedent. Indeed, energy is a crucial aspect of Belarus-Russia cooperation since Belarus is the most dependent of the post-Soviet states on Russian energy. It is consequently highly dependent on energy imports. Second, Belarus is a key transit country for Russian natural resources such as oil and gas. Indeed, 20 % of Russia's total gas exports transit through Belarus via the Yamal-Europe and Beltran Gas pipelines, critical infrastructures for Russia, Belarus and the EU.[87] The Druzhba pipeline (the world's longest oil pipeline) transports oil from Russia and therefore represents a crucial point of focus for Russian-Belarus relations.[88] Belarus benefits from comparative advantages and subsidised prices from Russia.[89] Thirdly, apart from being an important client and transit country, Belarus can also be considered as Russia's oil offshore. It has concluded processing agreements with Russian companies on partially reserving Belarusian refineries for Russian oil and gas, such as the Mozyr refinery, 43 % owned by the Russian company Slavneft.[90]

[87] Valeriia Kostiugova, "Perspektivy uchastiya Belarusi vekspluatatsii nefteprovoda Odessa-Brody," *BISS Studies & Analysis*, no. 4 (April 2008): 3.

[88] Vitaly Yermakov, "The Domino Effect: Contaminated Oil in The Druzhba Oil Pipeline – Implications of The Incident for Russia and For Europe", *Oxford Energy Comment*, May 2019, (accessed 23 November 2021) https://www.oxfordenergy.org/publications/domino-effect-contaminated-oil-druzhba-oil-pipeline-implications-incident-russia-europe/.

[89] Margarita Balmaceda, "Belarus: Turning Dependency into Power?," in *Politics of Energy Dependency: Ukraine, Belarus, and Lithuania between Domestic Oligarchs and Russian Pressure*, ed. Margarita Balmaceda (University of Toronto Press, 2013), 154.

[90] Energy Charter Secretariat, "Belarus. In-depth Review of the Investment Climate and Market Structure in the Energy Sector" Energy Charter Secretariat (2007), (accessed 22 November 2021) https://www.energycharter.org/what-we-do/investment/investment-climate-and-market-structure/investment-in-belarus-2007/.

Accordingly, energy is a prevalent topic on the Belarus-Russia political agenda, due to Belarus being a state of ”sponsored authoritarianism”.[91] . Indeed, the Belarusian economy is dependent on cheap Russian oil, subsidised by Russia and used to produce petrol and exported abroad.

Due to this particular dependence, the energy relationship has usually fluctuated between stages of cooperation and conflict centred around pricing for oil and gas transportation to the EU. However, these relations are not fully asymmetrical. Belarus possesses a potent counter-leverage due to its prevalence in transit of Russian oil and gas. More specifically, Belarus enforces ‘sovereign entrepreneurship’, meaning it extracts rents in the form of energy subsidies in exchange for loyalty or through the threat of a reorientation away from Russia.[92] This example illustrates that the Russian structural power can wane under powerful counter-leverages, especially if Belarus were to conclude agreements with the EU.

[91] Uladzimir Rouda, “Belarus: Transformation From Authoritarianism Towards Sultanism,” *Baltic Journal of Political Science* 1, no. 1 (January 2012): 62, https://doi.org/:10.15388/BJPS.2012.1.432.

[92] Alex Nice, “Playing Both Sides: Belarus between Russia and the EU,” *DGAP-Analyse* (March 2012), (accessed 21 November 2021) https://nbn-resolving.org/urn:nbn:de:0168-ssoar-350228.

With regards to the EU, this setting of reluctant compliance has consequences for the Russian structural power. Indeed, the EU itself possesses structural power as the European Commission creates various projects for a more integrated European energy market.[93] This power was also exemplified by the 2014 sanctions against Russian companies. The EU, therefore, has the structural power to shape the outcomes of energy relations with Russia and ultimately has stronger leverages than Russia in the interdependence.

Russia's Diminishing Structural Power with Regards to Energy Security Relations

To conclude, Russia's structural power has withered away due to its reluctant interdependence to the EU. This was established by highlighting that energy is a critical element of the EU–Russia symmetrical interdependence. It bears economic and security implications for both actors, illustrating Russia's vulnerability to European markets. This relationship acquired political prominence by the mid-2000s following the 2006 and 2009 Ukraine gas crises. These gas wars acted as watershed, demonstrating the failure of the EU's negotiations, and illustrating that Russia had the potency to use gas as a foreign policy tool. However, it does not represent the energy security problem for the

[93] Proedrou, "Russian Energy Policy and Structural Power", 80.

EU some advocate. Indeed, despite both actor's complex ties and the landmarks of 2006 and 2009, this situation creates a security dilemma for Russia: Russia's structural power is constrained by the interdependence relation. In that way, it is highly sensitive and vulnerable to the EU's economic and political leverages. Finally, Belarus' energy relations with Russia demonstrates that even dependent countries can affect Russia's structural power.

These conclusions indicate the need to re-evaluate the EU-Russia energy relationship under a new perspective and shed light on the need to enact a shared and strict, cohesive European energy policy. Whilst it has been demonstrated that Russia's structural power has considerable weakened along the years, the case study highlighted that the practice of withholding gas supply remains a policy tool Russia (and to some extent, Belarus) is willing to use.