

## BerlinPlus for energy

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Florian Baumann

## BerlinPlus for Energy

*Europe seems to be working hard on energy security, but in reality nothing much happens. Most European states lack indigenous reserves and thus are dependent on foreign suppliers, but they still do not come to terms with common countermeasures. Both NATO and EU still lack a comprehensive strategy for dealing with the security aspects of energy, including the security of supplies as well as the political and economic challenges of import dependency and energy shortages. Instead of absurd duplication NATO and EU could pool resources and find a common answer to address their member states' energy security problem, a BerlinPlus agreement for energy.*

### The Energy Challenges in the near Future

During the recent gas dispute between Russia and Ukraine it took the EU quite some time to understand what was really happening. And soon after Brussels recognized that this was not only a trade issue a common EU approach was challenged by several bilateral moves. Hence, the Union missed another opportunity for 'speaking with one voice'. NATO on her part did not show any public reaction at all. But this very crisis in particular showed that not only the dependent import countries suffer from such a dispute but also the producers that are very often reliant on the revenue from energy trades. To begin with, the framework of energy politics is determined by three major trends that will affect our energy systems fundamentally:

- *Supply and demand:* Due to a rising demand especially in Asia, the general physical scarceness of fossil fuels, and the lack of investment in new deposits, alternative sources of energy and energy technologies during the times of 'cheap' energy will bring fiercer tensions about the access to remaining fossil fuels, higher prices on tighter markets, and, in the longer run, an increase in the use of renewable energies along with a more efficient use of energy.
- *Economic aspects:* Although the Western industrialized states cut their energy intensity, our economies are still massively influenced by the prices for oil and gas and the availability of resources. The falling price of crude oil from over 100 US\$ a barrel last year to the current price of about 40 US\$ per barrel saves the oil-importing countries approximately 1 trillion US\$. On the

other hand, this year's gas dispute led to industrial shutdowns in Central and Eastern Europe. Bulgaria alone has had a loss of productivity worth more than 50 billion Euros.

- *Global politics:* Energy has become a highly politicized topic as result of international terrorism and the re-emergence of piracy, but mainly due to energy nationalism and the trend to use resources as political tools. The revitalization of OPEC and the establishment of a 'big gas troika' – currently consisting of the three biggest holders of natural gas reserves Iran, Qatar, and Russia – further strengthens the upstream-countries compared to their customers. Neither OPEC nor, to an even lesser extent, the gas cartel will be able to dominate the markets as OPEC did during the first oil crisis, but there still exists the potential for disruptions and major tensions.

### Multidimensionality of energy security

These trends in regard to future NATO-involvement lead to the unavoidable question of militarization of energy security. And even more so as energy experts still quarrel whether or not there is too much or not enough politics and security thinking about energy. The truth is that energy security includes all these aspects. Sure, it is a question of economics to trade resources, build pipelines, and invest in plants and infrastructures, but only as long as business is not hampered by political interferences. When the means of producing energy are subordinated to economic and ecological targets or the access to energy is misused by international power politics business alone will not solve the problem.

As a multidimensional concept energy security contains domestic affairs and economic aspects but also geopolitics and a security dimension. Consequently only a holistic approach that tackles all of these spheres will be successful. So the first problem of multidimensionality is about the time horizon of measures; about finding the right instrument at the right time. A politically motivated energy cut-off as it happened during the recent Russian-Ukrainian power game in the short run will call for diplomatic and security efforts to force both parties to surrender. For the medium term there is time for diversification, the build-up of domestic emergency capacity, and economic stimuli for alternative fuels, energy efficiency, and savings. In the long run all actors concerned should aim for stable and transparent structures of governance.

The second problem, which basically refers to the geopolitical dimension of energy security, lies in different interests and global insecurities that energy relations have to face. First of all energy security comprehends security of supply as well as security of demand. So in general consumer countries have different interests than producer or transit countries. No matter if the relations between these countries are equitable, interdependent, or asymmetrical in favor of one side, every approach on energy security has to respect antagonistic interests and thus calls for coordinated action. That does not mean that oil-importing countries have to swallow every bitter pill offered by their suppliers, but excessive confrontation will lead to 'strangulation', which serves nobody's interest. Over and above the increasing level of insecurity inflicted by terrorism, piracy, or simple failure due to mature infrastructures leads to the common interest that all states that are part of the supply chain have in tackling these threats and assuring the steady and sufficient transport of energy.

### EU and NATO: Two different approaches to energy security

The European Union's energy policy has undergone some decisive changes over the last two years. Despite the former focus on environmental aspects and even more so on a single market for energy, energy politics or security of supply has become equally important, at least on paper. The recently published 2nd Strategic Energy Review sets out an agenda for energy security to complete the strategic

triangle. It is based on five priority areas:

- Infrastructures and diversification of energy supplies;
- External energy relations;
- Strategic stocks and crisis response mechanisms;
- Energy efficiency and
- Domestic indigenous energy resources.

The cardinal improvement of the report is its broader perspective of the term energy security, including the interests of producer countries and the hitherto weakness of a single voice of the member states according to their relations with these countries.

*"As a multidimensional concept energy security contains domestic affairs and economic aspects but also geopolitics and a security dimension."*

NATO's involvement in energy matters started with a military perspective. Without a sufficient supply of energy, troops would be stuck in the middle

of conflicts, unable to move and an easy prey for their enemies. But over the years the Alliance developed a political branch, and after the collapse of the Soviet Union energy security was embraced in the new strategic concept as one of the risks of wider nature. It took another 15 years for risk assessment and infrastructure security with regard to energy to be named explicitly on such a high level for the first time, at the Riga summit. Until today NATO still has no concrete concept about how it may engage. Four fields of action are under consideration for some time: Monitoring and surveillance of choke points and crucial infrastructures, training missions in producer and transit countries, collective emergency planning and crisis reaction, and last but not least pro-active preventive diplomacy through the organization's dense web of diplomatic relations.

Hence, the potential for a NATO contribution to energy security is limited but still significant. It is now up to the strategic heads in the North Atlantic Council to specify more concrete conceptions and measures for the future. In doing so they should keep in mind that the Alliance can only be part of the energy security mosaic. Only if the member states' policies, as well as those of other international organizations, are considered will NATO find a way to add a unique and substantial surplus.

Among the EU's three complementary targets, energy security still seems to be undervalued in comparison to competitiveness and sustainability, at least when it comes to political action. The 2nd Strategic Energy Review, with its concrete infrastructure pro-

posals and the emphasis on solidarity, plus a common approach towards third countries in addition to closer cooperation with NATO, may once be seen as the genesis of full-fledged European energy policy. Cooperation may thus be the answer to the still existing imbalance of strategic objectives.

## What's next: A Joint Energy Security Agenda

EU and NATO have somewhat different approaches to energy security but there is still potential for collaboration. The often-cited division of labour, where the Union reduces energy to a solely political and economic context while the Alliance or the U.S., respectively, is more into security and military aspects, is rather obsolete. Today the possibility to add value to energy security on both sides of the Atlantic lies in cooperative or complementary measures. So next on the agenda there are several options for an initial BerlinPlus for energy agreement that the senior staff of both organizations in Brussels should think about:

- *Joint Risk Assessment:* Due to mostly overlapping memberships the risks of energy insecurity are of common concern. Thus, pooling resources for intelligence and monitoring action would provide for early warning units of greater scope and more reliability. Especially (geo-) politically motivated supply interruptions most of the time do not occur unforeseen, and hence early action may moderate the negative consequences. As an immature risk community, EU and NATO members as well could raise the level of energy security if they engage in patterns of common risk perception and the formulation of joint countermeasures.
- *Diplomatic Effort Sharing:* NATO and EU both maintain a network of various diplomatic relations with third countries. So energy issues and especially energy security should not only be a topic at meetings with these partners. More than that, institutionalized forms of cooperation, such as the Istanbul Initiative, the Russia Councils, or the Black Sea Synergy program should be used more effectively to promote transparency, stability, and security in energy relations.
- *Common Stockpiling:* After the first oil crisis the International Energy Agency was established, among other things, to install and assure the efficient management of strategic oil stocks, not without success. While natural gas has in the

meantime become more important as a source of energy, there are, due to mostly technical reasons, no obligatory gas stocks. As a precept of solidarity among member states, which guides both organizations, national gas stocks with access by all needy partners would contribute to the energy security of EU and NATO as a whole. Together with the IEA, NATO and EU might possibly define a body of senior experts who is in charge of stock management.

- *Crisis Reaction Capacities:* Besides strategic storage, last year's oil price rally and the latest gas dispute made it obvious that Europe still lacks capable capacities to tackle such a crisis. As domestic resources in Europe and North America are declining, these regions will be increasingly dependent on durable external supplies. For the not-so-unlikely case of more frequent energy cut-offs in the future, the transatlantic partners could develop a joint panoply of instruments for emergency response, including forces for the reconstruction of pipelines, conflict settlement, or crisis logistics.

This list does not claim to be complete and will be subject to change in the process of discussion, but at the end of the day there is no alternative other than working together on the pressing issue of supply security. NATO turns 60 this year and has been searching for new duties since the end of the Cold War. The EU on the other hand has an mature internal energy discussion and developed several just instruments for the economic and ecological aspects of energy, but still lacks the political capacities and security means to establish a sound and comprehensive energy strategy. *BerlinPlus for energy* could lay down the basis for a common approach on energy security, sometimes complementary, sometimes collectively in nature. In military affairs BerlinPlus has been a success for more than ten years now. Within the next decade a common approach in the field of energy security will be one as well. The EU heads of state and government have missed an opportunity to show unity and fortitude during the March Council, when they diluted the Nabucco project. The NATO anniversary summit in April, a political non-event, too passed the chance to initiate a process of becoming capable in the field of energy. It seems to me we need another crisis in order to go for a common, transatlantic approach on energy security

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