

## Geopolitics of Energy

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### Abstract

At the beginning of my paper I will explain the concept of "Geopolitics of Energy", this will be done for a quite simple reason, because I want everyone who can sit to read this article to understand more clearly what is at stake, therefore allow them the comprehension of what is being elaborated below at first sight. Geopolitics of energy is a concept that relates to policies choosing exporters to implement on importers, is the policy that has an impact on energy consumption, which includes consumer's choice in the geopolitical context, taking into account the economy, foreign policy, the safety of energy, environmental consequences and priorities that carries the energy exporter. This concept permits the understanding of how works the politics that undertakes this initiative taking into account natural resources such as: natural gas and oil. Natural gas and oil are two main resources that produce energy but also two main elements on which arises all the topic in the energetics game. For this paper is used qualitative methodology, through which we were able to accomplish this work. I focused on scientific literature, official publications and reports on energy geopolitics. The main aim has been to show how in this decade, energy security is at the center of geopolitical agenda and has become the focus of numerous political debates. Regarding this point of view, Europe is taking the initiative to create a common energy market within the continent by creating projects, in which Albania appears as a new regional energy potential. Russia, which is aiming to play a role in the international arena, is seeking to position itself geopolitically in "its political weapon", hydrocarbon resources, in particular natural gas resources.

*"Therefore, to any quality, on any process, to any country, on any street and to any field, we should not be dependent. Safety and security in the scope of oil lie in variety and variety alone."*

Winston Churchill (Parliament 1913)

### Methodology

#### Review of the literature of the field and matter.

This study is built on an extensive literature study by different authors competent in international affairs and security policy. For this study were used known research centers for scientific research, professional and objective in their publications. Problems in this study required a wide knowledge of the energy sector, a detailed history on the importance of energy, in-depth knowledge on security issues and natural gas supply. As much as is necessary the agreement among states in this field as well as complex are the rules of the game on which these agreements are established and built. A number of compilations analysis are used by a two-week publication "Analytical Summary for Russia" to know better and deeper political, economic, and social developments in Russia and its regions, and the role of Russia in international relations, its goals and constant attitudes, its evolution as an important factor in the region and the world.

Using the experience and closely following the problems of the authors of the Research Centre for European Studies (Forschungsstelle Osteuropa) at the University of Bremen<sup>1</sup> and the Centre for Security Studies (CSS) at the Swiss Federal

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<sup>1</sup>[www.forschungsstelle.uni-bremen.de](http://www.forschungsstelle.uni-bremen.de)

Institute of Technology in Zurich, and the Institute of history at the University of Basel<sup>1</sup>, who have a wide range of issues tracking in Russia and Eurasia. In this respect are used and the Russian regional reports, which are provided by especially concrete statistics and data to support the analysis and conclusions.

In "Energetic Security of Europe and Balkan: A great battlefield of USA-Russia war for the geostrategic control of Eurasia" the author Thrassy N Marketos, dictates and analyzes the role of USA in Eurasia according the control of natural resources. The author explains US policy goals including breaking Russia's monopoly over transportation routes of oil and gas by promoting US energetic security by diversifying supply and encourage numerous pipeline projects from US control. In the "Corridors of natural gas to Eastern Europe and European energetic security", the author Ioannis N Grigoriadis, is reflected the strategic meaning of Eastern Europe as a channel for the transport of natural gas and guarantor of energetic security in Europe. Authors agree that, to achieve growth of natural gas demand across Europe and reduce energy dependence on Russia, European authorities should promote the realization of diversified gas projects, while simultaneously improving relations with Russia.

### **Energy, a vital global importance**

The energy sector is one of the main areas of cooperation between states. Energy is what ensures the smooth running of the world. In the entire world history, in all places and at all times, energy has been the "engine" of economic growth, military power source, power and wealth. Energy has determined the degree of success of a civilization or state, which seems to have flourished in countries with favorable environment and water, translated into the availability of energy. Countries hang their well-being and survival in energy availability.

### **Energy as a security matter**

Energy security is ensuring the availability of energy in sufficient quantities and at reasonable prices. Its components are: the level of dependence on particular sources of energy; imports to internal resources; diversification of supplies, security of physical infrastructure and distribution routes; state and economic impact; non-interruption. Energy security policy has impacts on national energy security, which are: current and projected/provided needs; levels of self-sufficiency; energy sources and levels of diversification-internal; energy sources and levels of diversification-external; legislative and acceptable standard for the environment; risk levels -acceptable.

From an economic perspective energy and related issues are viewed as a topic that should be subject of the rules of the single market, leaving aside political power; according to this view markets are the ones who decide the rules of the game, governments intervene when markets do not provide solutions. Given this perspective there is no reason for countries to be concerned about any risk of energy security, as interference, coercion, and even military confrontations. From a political standpoint, analysts treat energy as a matter of national security, based on the assessment of nationalization of energy resources and politicization of their management. (Yergin, 2000). Energy is a growing challenge and safety issues and its supply in a globalized world are increasingly complex. Most of the principles of energy producers are not the same to the principles of customer. Different views and perspectives share estimates on security of energy supply. In less than a decade of this century, security issues and supply of gas and oil have been validated and are increasingly important. The idea of using hydrocarbons as a political tool is supported by a number of indications such as decisions of national governments to the intersection manufacturing shipments due to certain political goals, different conflicts up even armed; producing countries do not operate in a competitive energy market framework, the interventions of governments and their policies dictate them; instability in export due to unstable and in conflicts countries. Thus, the dependence on imports of oil and gas represents real political and security issues, not just national but also international, for many countries.

### **Usage of energy as a political tool: preoccupations of US and Europe**

In the US, within a week of taking office President Barack Obama said: "Dependence on oil is one of the most serious threats that our nation has faced," while British Prime Minister Gordon Brown and other leaders of the EU have estimated the risk posed by the dependence of energy provision. Since the last decade issues dealing with insurance and gas supplies have raised numerous debates in the political and security, this paper will provide an analysis of the views of countries affected directly or indirectly on their political and strategic interests, and specifically the US, EU and Russia. In the United

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<sup>1</sup> <http://histsem.unibas.ch/seminar/>

States, European Union and Asia, fear of dependence on imports of gas and oil from unstable regions or those who seek to use it as a "weapon" has become the main topic of political debate. The US has repeatedly criticized what was seen as an attempt by Russia to use its part of energy as a political weapon, thus affecting its allies, though not the US itself. Repeatedly, the Bush administration and its successor, various analysts, etc., have reacted to the dependence of European countries on Russian gas. Russian politics increasingly more secure has caused concern in some respects, intrusion in old and close alliances between Europe and the US, into strong relations and of vital interest among countries of the EU and NATO, at the dissension of unity countries within the EU itself, as well as limitation of sovereignty and pro-western orientation of the neighboring countries of the former satellite such as Georgia, Moldova and mainly Ukraine. So America's political interests in Europe include its interests in NATO unity, preservation of close relationships and cooperation with European countries, individually and collectively, and maintaining US influence in Europe.

### **Russia's operation mode-gas pipelines**

Until now, in its policy Moscow has followed several objectives: Russia has been trying to buy a controlling stake in pipelines, ports, storage facilities and other important assets of the energy in Central and Eastern Europe, providing not only the fulfillment of needs for export but also for maintaining control in domestic markets; Russian firms have attempted to buy energy infrastructure in western Europe, causing reactions and concerns in the EU; it has established close relationships with countries such as Germany and Italy, creating the possibility of supply and investment in Russian realistic and surreal energy projects.

In this context, follows a strong debate and it is expected to become increasingly more important in the future of the transit gas pipelines. Indicators of a strong debate are also projects supported by Russia and those supported by the US. The US has strongly supported the creation of multiple pipelines of supply from Central Asia and Azerbaijan to Europe while it has criticized Russian projects, the northern and southern streams, that these projects not only reduce dependence, but they intend to oppose European projects, especially Nabucco, and any other project that aims at diversifying their energy supply, and to bypass the countries of Central and Eastern Europe. Oil and gas reserves are often found together and concentrated in the same places. These cases have certain features such as relatively high fixed costs of transportation and physical obstacles to reach the consumer countries. Gas is transported mainly via pipelines overland or through underwater pipelines determined in a short distance to a maximum water depth of no more than 2000-3000 meters; when it comes to transport by pipeline should be taken into account that this is done not for very large distances. Pipeline as physical connection creates a natural bilateral dependence / interdependence.

### **Russia's energetic politics and National Security Strategy**

Prime Minister Putin stated in early 2009 that "Russia has immense and rich mineral and energy resources, which serve as the base of the development of its economy; as an instrument to implement domestic policy and foreign policy. The country's role on the international energy markets determines, in some ways, its geopolitical influence<sup>1</sup>" "The new leadership of the Russian Federation, Vladimir Putin, shortly after coming to power sought to turn his country into the club of global players.

In late August 2009, Moscow launched a new energy strategy<sup>2</sup>. On August 28, the Russian newspaper Kommersant wrote that Moscow was aiming to invest 1.8-2.1 trillion dollars in oil and gas business up by 2030 to increase production in order to keep up with demand in Europe and Asia projects for the export of Russian hydrocarbons and the increase of Russian domestic consumption<sup>3</sup>. On May 12, 2009, President Medvedev approved the latest version of the "National Security Strategy of the Russian Federation until 2020"<sup>4</sup>. This doctrine opened a window making political elite to think about an important issue such as natural resources-above all-hydrocarbon reserves as a foreign policy tool. A prominent perspective of the Russian leadership was included in the security doctrine in indirect ways, but still opened<sup>5</sup>.

<sup>1</sup> Quoted in Jamestown Foundation, "Euroasia Daily Monitor", Vol.6, Case 95, May 18, 2009

<sup>2</sup> [Minenergo.gov.ru/news/min-news/1189.html](http://minenergo.gov.ru/news/min-news/1189.html)

<sup>3</sup> [www.kommersant.ru/doc.aspx?DocID=1227148](http://www.kommersant.ru/doc.aspx?DocID=1227148)

<sup>4</sup> <http://www.scrf.govru/document/99.html>

<sup>5</sup> Jamestown Foundation, "Euroasia Daily Monitor", Vol.6, Case 95, May 18, 2009

Paragraph 9<sup>1</sup> of the doctrine states: Changing the block confrontation on the principles of multidirectional diplomacy and potential natural resources of Russia, along with pragmatic policies of their use has expanded the possibilities of the Russian Federation to strengthen its influence in the global arena. " So, Russia's energy resources were formally recognized once again to be instruments of foreign policy of Russia. Paragraph 11 lists geopolitical battleground where Russia believes that conflicts for energy in the future will grow and where, by definition, its national interests lie: "The attention of international politics in the long term will focus on the control of energy resources in the Middle East, the Barents sea shelf and other parts of the Arctic, in Caspian basin and Central Asia ". The document presents a scenario of future conflicts war over energy resources. Paragraph 12 states: "In case of a competitive struggle for resources is not possible to reduce this probably could be solved by using military force. The existence of balanced forces on the borders of the Russian Federation and its allies may vary ". But who is going to apparently change balances? According to the strategy are the US with the Ballistic Missile Defense Program or NATO itself.

Paragraph 47 continues the connection between energy and national security Russian "risk sources to national security may be factors such as crises in the world and regional banking and financial systems, to intensify the fight over natural resources, including those of energy, water and goods consumer ". The National Security Strategy of Russia does not differ substantially from the previous doctrine. Also, Russia's security policy seems to be a big bet on the nationalization of resources in order to strengthen "sympathetic" control of Russia's gas supplies through gas markets of Central and Eastern Europe.

## **2. Gazprom.**

### **2.1. Russian state monopoly-promoter of Russian interests**

The way Russian government has operated in energetic sector has been a continuous debate topic. In 2000 Russian authorities, had officially promoted various policies in relation to the energetic sector, including privatization, liberalization and international integration of Russian energetic sector. In 2000-2001, they presented plans for price liberalization and privatization of major assets in energy production, oil and gas companies. At the same time, privatization, reforms and commitment of foreign investors on a massive scale, which were the main points of economic policy during the first presidential term of Vladimir Putin, were exchanged with the new policy in the energy sector was clearly led by the state. The state had accumulated a strong control in the energy sector and had begun to show a willingness to use it for political purposes, both at home and internationally.

### **2.2. Kremlin's control on Russian energetic companies, especially Gazprom**

Meanwhile in the years 2003-2004, they started the first state intervention in the energy sector, in oil industry, in June-October 2003 on the matter of Yukos. The arrest of the head of Yukos, Khodorkovsky was commented as President Putin's movement. This one believed that the chief of Yukos demonstrated signs of unacceptable political independence from the Kremlin. Whereas restructuring integrated vertical market monopoly of Gazprom, which was on the agenda of reformers in the early years of Putin's presidency, was officially banned by President Putin himself. It was replaced with almost the opposite goal in order to officially buy state control in Gazprom. Strong sector reforms that would include liberalization and privatization plans clearly slowed. The state was officially reacquired control of Gazprom share in December 2005, and now effectively controlled over 50% of the company. It is worth mentioning that, since the fall of the Soviet Union in 1991, the largest monopoly firm on natural gas in Russia, Gazprom, has been controlled by the state. It has a monopoly of gas pipelines in Russia and controls about 90% of the production of Russian gas and more than ¼ of the world, being responsible for 20% of the global production. By the end of 2005, Russia set a surrounding wall to stop foreigners to possess shares of Gazprom. The only external partner of Gazprom with low value shares is the German firm E.ON with 6%<sup>2</sup>.

### **2.3. Connections of Gazprom with the Russian government and its interests**

Gazprom is the third largest corporation in the world and the largest source of income for Russia. Many executives of Gazprom already have / recently keep high-level positions in the Russian government. Russian government policies and

<sup>1</sup><http://www.scrf.govru/document99.html>

<sup>2</sup> Reuters News Agency, October 10<sup>th</sup> 2007

projects of Gazprom are combined at best. Indicators of this are the facts that the former chairman of Gazprom, Dmitry Medvedev, was moved to the post of the President of Kremlin, one of his main dependents is Konstantin Chychenko, executive director of RosUkrEnergo (mediator for the sale of Turkmen gas to Ukraine) and head of Gazprom's legal department. Gazprom's new chairman is former Prime Minister Viktor Zubkov. Another fact is the discovery of a "revolving door" between Gazprom and the Russian Government. Gazprom has become one of the promoters of Russian interests in the world. In support of these interests, between the Ministry of Foreign Affairs of Russia and Gazprom was signed an agreement where diplomats and state monopoly headed by Kremlin agree to assist each other in promoting the interests of each other in international arena<sup>1</sup>. Such cooperation generally is not new and is more than necessary for foreign service officers to be particularly involved in promoting national economic interests. It is quite impressive that, in the case of Russia are not diplomats but Gazprom, which is promoting the foreign policy goals.

#### **2.4. The extent of Gazprom in Europe**

By entering into joint ventures with energy firms and public services in the EU, Gazprom has established close and important trade relations with those entities that often are very strong in domestic politics. In this connection Gazprom seeks to have more control shares. Gazprom has moved forward aggressively, buying every available energy assets in Central and Eastern Europe and developing realistic and surreal projects, in attempt to establish a priority position as the largest supplier in Europe. strongly supported by the Russian government, Gazprom succeeded in Germany, France, Italy, Austria, Belgium, Bulgaria, the Netherlands, Romania, the Balkans, Belarus and possibly in Turkey. Gazprom could not succeed in the UK and Ukraine. Gazprom has a dominant position as a supplier of natural gas, mostly in Central and Eastern Europe, and the Balkans. Likewise they also hold the largest share of gas in the Baltic countries (Lithuania and Estonia). According to figures of Gazprom, the biggest buyer of Russian gas in 2008 were: - Germany (38 bcm) - Turkey (23.8 bcm), - Italy (22.4 bcm) - Belarus (21.1 bcm). Russia also acts as a mediator in gas exports from post-Soviet states of Central Asia to Europe. Gas purchased from Gazprom is transmitted via Russian gas pipelines (owned by Gazprom), and the state controls all gas transit. Before the end of 2008, the company Ros-Ukrenergo (RUE, in which Gazprom holds 50% and the share of Ukraine is held by businessman Dmytro Firtash with 45%) played an important role in the trade of the Central Asian gas. Gazprom is co-owner and / or cooperates in all gas pipelines in the Baltic states and Moldova, all the Yamal gas pipeline, 37.5% of gas pipelines in Belarus and gas pipelines in Finland (through its 25% stake in GasumOy). It also holds shares of Yamal gas pipeline in Poland (48.64%), several gas pipelines in Germany (50% less 1 part in gas pipeline network to Wingas, and 5.26% in VNG's network in Eastern Germany), through Wingas it will also hold shares of OPAL gas pipeline currently under construction. Taking 50% of the gas distributors Austrian Baumgarten. In other European countries, Gazprom is planning to invest only in gas transmission systems. It is also involved in gas sales for consumers indirectly through third companies, with whom has less transparent relationships. They have been increasingly active in the EU, although limited by national legislation or the entire EU.

### **3. Russia's energetic politic and its neighbours**

#### **3.1. Russian energy policy goals in the post-Soviet space**

Post-Soviet area is the focus of Russian energy policy, both in terms of post-imperial syndrome of elites and natural economic causes, as critical dependence on Russian energy supplies. Recently, Western countries in the post-Soviet Baltic countries, Ukraine, Belarus, Moldova, Georgia have made highly visible the goal of Russian energy diplomacy. Energy has been considered as a mean of restoring the Russian economic domination in the post-Soviet countries (through the purchase of energy assets), encouraging pro-Russian policy through subsidized prices, and as a tool for political pressure<sup>2</sup>. Her behavior is really quite unpredictable.

#### **3.2. gas conflicts and crisis**

The best illustrating cases are the conflicts about energy with Ukraine in 2005-2006, and Belarus in 2003-2004, and mostly in 2009 when they led to the interruption of gas supply. Initially, these conflicts started with the continuous efforts of Moscow to take control over the Ukrainian pipelines and Belorussian gas transit, which together constitute 95% of the overall capacity of Russian transportation corridors to export. In this conflict the ones who got damaged were the European

<sup>1</sup>[www.mid.ru/ns-dipecon.nsf/](http://www.mid.ru/ns-dipecon.nsf/)

<sup>2</sup>Keith C Smith "Russian energy pressure fails to unite Europe," CSIS Euro-Focus, January 24, 2007

consumers in dozens of countries, including Germany and Italy. Both cases seem to prove that Russia is fairly ready to use supply interruption as an instrument for achieving certain political goals. Eastern European countries themselves are concerned that Russia itself could use in their energy dependence to intervene in the internal affairs or force them to make concessions to foreign policy. By controlling their energy infrastructure, Russia is able to manipulate the internal political situation, favoring the participation of Gazprom in the local business and manipulation of some local politicians to make it possible to use them as lobbyists to Russian interests. Through interruption of gas supplies, Russia is likely to demonstrate its skills to where they go and then achieve political goals. Six Eastern European countries are 100% dependent on Russia for their imports of natural gas. They are even tougher about the need of EU to diversify gas supplies away from Russia, because unlike others they know very well what Russia is capable of (closure of gas supplies in Latvia 2003 Lithuania, 2006, Czech Republic 2008).

### **3.4. Europe and gas crisis**

In various conflicts for gas, EU has been divided in its attitudes and evaluations. Even in these cases, Russia has been able to provide and maintain its reputation in Western Europe as a leading and reliable supplier and in turn to consider the rest of Eastern Europe "its backyard." Russia's goal is quite clear to punish countries that do not obey its authority, cut the supply or to bypass them in their projects, and reward countries that cooperate with it. Thanks to its impact on European foreign policy with the strategy of "divide and possess" Russia prevented NATO members to reach a consensus to provide a MAP (Membership Action Plan) for Georgia and Ukraine. Most European countries agreed with the US position to offer MPA to Georgia and Ukraine, while Western European countries, especially France and Germany opposed the extension, in order not to anger Russia.

## **4. Energetic security in Europe**

### **4.1. Asymmetric dependence of European countries on Russian gas**

Europe depends significantly on gas to ensure its energy. Within the European Union, one fifth of the electricity is generated from gas. Europe is really dependent on Russian energy, especially on Russian gas. The dependence of the European countries is not uniform, but European governments have asymmetrical and very different policies towards Russia. There is a considerable gap between Western Europe on one side and Central and Eastern on the other side on their level of dependence on Russian energy imports. Europe itself has very limited possibilities in developing alternative sources of natural gas due to the current distribution of reserves and production capacity. Russia and Iran are the two main potential sources of additional gas on a global basis. Gas consumption in the European Union has doubled over the past 25 years, and will be 40 percent higher by 2020 and 60 percent higher by 2030 than current levels. But European production is declining, and 60 percent of the gas it consumes is imported. During the next 25 years, European gas imports are projected to double from the current level of 300 billion cubic meters per year. Much of Europe's imported gas comes from Russia via pipelines that have been operating for decades. Finland, Estonia, Latvia, Lithuania, Slovakia, Hungary, Bulgaria, Romania, Ukraine and Belarus are 100 percent dependent on Russian gas. Dependence of Austria, the Czech Republic, Poland and Greece from Russian gas is 80 percent, 40 percent of Germany (likely to go up to 60 per cent), Italy and France 30 per cent each. The scale of Europe's dependence on Russian natural gas appeared sensitive to the interruption of gas supplies from Ukraine, which affected a good part of the country. As a consequence, Europe is now trying to reduce its dependence on Russian gas trying to get gas from other sources such as Central Asia. Recognizing the risk depending on gas, the European Commission has made the diversification of supply a priority of its energy policy, developed in the Strategic Energy Review of the European Commission, published on January 10, 2007, and confirmed by the European Council in March 2007<sup>1</sup>. Despite discussions to develop a common foreign policy of energy within the EU to diversify sources and routes of supply, 27 countries have not been able to reach consensus, due to different priorities.

### **EU's mechanical mechanisms about energy**

In energetic politics, the European Union policy interacts via several political mechanisms. Characteristics and challenges of security of energy supply in Europe are addressed first by the European Commission Green Paper in 2000 "Safety of Energy Supply" (European Commission, 2000). The document brought three main concerns of energy for Europe: high

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<sup>1</sup>Communication from the Commission to the European Council and the European Parliament: The Energy Policy for Europe COM (2007) 10 January 2007, the Presidency Conclusions of the Brussels European Council of 8 to 9 March 2007.

dependence on energy imports, the EU limited impact on supply, and difficulties in fulfilling the requirements of the Kyoto Protocol.

On March 8, 2006, the European Commission issued a second document, the Green Paper "A European Strategy for sustainability, competitiveness and Energetic security" (European Commission, 2006a). The European Commission presented a major package of energy policy, on January 10, 2007, entitled "Energy Policy for Europe" (EPE), which was accompanied by a number of sectorial policies to implement the overall strategy. EPE contained a chapter dedicated explicitly to increase security of supply, which calls for a spirit of "solidarity" between member states, especially in the event of a supply crisis. A similar idea was included in the Treaty of Lisbon.

Strategic Energetic Technology Plan, November 2007. Meanwhile, the Commission on the Second Strategic Review of Energy, published on November 13, 2008. The focus of the document is security of supply and fossil fuels. Priority issues were: the need of infrastructure and diversification of energy supplies, external energy relations, reserves of oil and gas and crisis response mechanisms; energy efficiency, etc.

### **Including energy as a security matter in NATO**

Meanwhile the issue of NATO involvement in the issue of energy security has become a subject of debate inside and outside the Alliance, during the last three years<sup>1</sup>. Caused by the recent crisis in Ukraine, the issue of energy was also brought to the attention of NATO. Former Secretary General Jaap de Hoop Scheffer explicitly stated in the 60th anniversary of NATO that "disrupting the energy supply of a country can break the economic structure and social status of it in a way similar to the consequences of a war without even any shot of weapon<sup>2</sup>. According to these debates, there are several different areas where NATO should be included: the development of a common policy, military preparation and securing transit routes are among them.

### **The performance of EU-Russia cooperation**

EU and Russia definitely need a new international legal framework to address the issues of energy supply and transit, especially to fix the reliability of long-term energy supply. The only international legal act that includes Europe and Russia has been the Energy Community Treaty (ECT) which was ratified by most countries in the Eurasian community - with the exception of Russia and Belarus. Many European officials and experts are still calling for the ratification of the treaty as a way for Russia's involvement in an international commitment in the field of energy. However, at this stage, ECT seems to have lost all its attractiveness in terms of being a universal statute of energy in the Eurasian space: it was signed in 1994. Damage in the ratification process was triggered by the Europeans, the EU introduced a draft of Transit Protocol, which states that the transit facilities are open to all competitors.

Russia refused to sign the Transit Protocol in December 2003, and since then ECT has lost its meaning, mainly to Russia. Given this, it is worth mentioning a little known fact that the Secretary of State and Deputy Minister of Industry and Energy of the Russian Federation and vice chairman of the Conference of the Energy Charter and the Deputy Secretary General of the Secretariat of the Energy Charter in Brussels, is a high position of the Russian Ambassador Vladimir Rakhmanin, who previously worked as Head of protocol of the Presidency with President of the Russian Federation. His task is to develop the Energy Charter process and direct negotiations on the Transit Protocol, considered by ECT member states as an important tool of law applicable in transit countries. Russia does not like the protocol. It will not allow all competitors in the Russian territory, only in cases where it excludes itself. Prime Minister Putin has signed an appropriate legislation deciding that Russia will not be part of this Charter.

Similarly, the efforts of the EU to include the main components of ECT on a new Partnership and Cooperation Agreement between the EU and Russia (PCA) were also broken. The EU Commission has proposed a policy that would prohibit EU energy producing companies from possessing dissemination networks. It also prevents foreign companies to invest in the distribution networks of the EU, unless the relevant country allows such an investment. Russia has strongly criticized the proposal.

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<sup>1</sup> Monaghan, A. Energy Security: Limits of NATO, Rome 2008

<sup>2</sup>Hurriet Daily News, April 2<sup>nd</sup> 2009

## **Energetic collaboration Europe-Russia**

While the EU should have a close cooperation with Russia in securing gas, it has failed to develop and follow a common energy policy. Thus Russia has rejected the request for ratification of the Energy Charter Treaty 1994, which embodies principles such as: Russia must open its pipelines to western firms and provide stronger protection for foreign investments in Russia, etc. These arrangements have also failed to include key components of the Energy Charter in a new Partnership and Russia-EU Cooperation Agreement (PCA). Russia also opposed to the EU Commission's demand to build an energy policy that prohibits energy producing companies from distribution networks possessions and deter foreign companies invest in the distribution networks of the EU, unless the relevant country allows it. However, EU countries are non-unified in their positions based on the fact that their dependence on Russian gas is different, so it is unclear whether there will be an effective common policy on the Russian energy case.

During his visit to Helsinki in April 2009, President Medvedev reiterated Moscow's calls for a new security order (Helsinki Plus), reflecting the substantially changed realities and multipolar international political system, as Russia sees it; and secondly for "amodern system of global energy supply" based on "Conceptual approach for a new Legal Scheme for Energetic Cooperation", introduced in Europe as a new substantial vision, as a legal accurate international system is necessary to be established. This intended to replace the "inadequate" and "inefficient" energy charter treaty with a new "comprehensive" document. The main purpose of this "Conceptual approach" is to reflect and accept unconditionally the current conditions on which Russia is and will continue to strive to remain a primary source, manufacturer and exporter of energy, more visible and prominent in natural gas. In other words, if Russia does not like the Energy Charter Treaty, it should be changed or replaced with what Russia likes and approves. All other countries are forced to accept. This is simple. The present document is designed to avoid the attention and efforts of the world community, especially the EU, the real work on a comprehensive approach / detailed, to discuss the concept of energy security, which has nothing to do with reality. While the answer to "Conceptual Approach" was deaf even at the close circle of steadfast allies such as Germany and Italy, the Russian leadership moved forward. On May 12, 2009, President Medvedev approved the latest version of the "National Security Strategy of the Russian Federation until 2020<sup>1</sup>", which defines the place and the role of energy resources in Russia's geopolitical position in the international arena.

This report will begin with a discussion on the main actor in the debate Russia, where they will be given a talk about the current strategy of security of Russian gas industry, the Kremlin's efforts to take full control, energy policies of Russia and its origin, Russia and neighboring countries, the debate about real dependence of Europe on Russian gas, the debate about a common policy of energy, attitudes of US, "diplomacy of pipelines", European projects supported by the USA aiming the reduction of European dependence on Russia, the Russian pipeline Projects, North and South Stream, Conclusions and recommendations.

### **Europe and energetic cooperation within the continent**

Energy policies of pipelines represents the main role in the market because through it we understand the intentions of everyone, the whole game power rises on Russia and the Middle East, in order to concretize this paragraph I will argue convincingly importance of energy policy and why Europa is looking for energy resources within the continent.

Europe requires oil and gas resources in order to be independent from Russia and the Middle East and to not allow Russia to come up again as a global superpower, while the Middle East shows no security elements for the supply of gas for Europe. For these reasons Europe is looking for cooperation within the continent.

#### **Albania in another dimension**

When it comes to Albania everyone imagines a country that is developing and where there are many other phenomena, which do not work well. I will stop to analyze these phenomena that do not function properly, because my goal is to analyze Albania as a new potential that is born in the heart of Europe. As a country that is trying to move forward with time and adapt to Western European countries. Being a new potential in Europe thanks to its ample resources of natural gas and

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<sup>1</sup><http://www.scfr.govru/document/99.html>



oil, it is trying to exploit them in economic terms being cooperative in the pipeline that are being implemented to supply the continent with energy.

For Albania this is a new phase of positive development, creating a new dimension of economic and energy in our country. A new dimension for the country's economy will have a development and consequently will open new jobs, incomes of the population will increase, but not only that. Except there will be economic growth also will be a general development that will allocate throughout Albania's land space. Albanian development in this regard is not only development but also economic and political stability for Albania, as such it has become a factor of stability of the region.

### **TAP- A pipeline for Europe and the impact it will have in Albania**

On June 28, 2013, Shah Deniz consortium announced the selection of the Trans Adriatic Pipeline (Trans Adriatic Pipeline - TAP) as the last link in the chain of platforms, pumping stations and pipelines that will bring gas to Europe from the giant Shah Deniz field in Azerbaijan. The building of pipeline in the Balkan region is also known as the Southern Corridor. Southern Corridor concept was born from the need of the European Union for the diversification of natural gas supply, the expansion of energy cooperation with neighboring countries and creating an integrated energy market and competitive.



*The Southern Corridor and Shah Deniz field*

TAP aims to bring great benefits Europe and Albania as well, as part of the Southern Corridor. Benefits arising from the realization of TAP, can be categorized as follows:

#### **Diversification of natural gas supplies**

TAP provides a unique opportunity for Albania to develop its gas industry and in the future to achieve a higher efficiency in the production of electricity using natural gas. TAP continues to support the Albanian government in its mission to use gas as a significant energy source.

#### **Expansion of market integration**

TAP aims to expand market integration in Europe by creating gas transport connection between Eastern and Western Europe via Italy. With existing networks, as well as their planned expansion, Italy offers great potential for the transportation of natural gas further into Western Europe. Albania, being the linking point between Italy and Eastern Europe, is an important factor on this market expansion.

#### **The support of purer energy**

Operators Southern Corridor gas pipeline aim at high environmental standards internationally recognized construction and operation. Over the decades, pipelines have proved to be safe methods, stillness and sometimes almost invisible for the

transport of gas, as they come across the seas, climb the mountains or deep covered under the soles of towns and villages. They also emit less carbon than other forms of transport of gas, pipeline generally require less energy intensive than liquefied natural gas, which represents the main alternative for the transportation of gas.

### **Encouraging economic development**

TAP aims to bring substantial new investments in Albania, Greece and Italy and \_ create new jobs in construction in these countries. Maintenance and operation of the pipeline will need financial and human resources for decades.

TAP is thought to be the investor of the largest direct foreign figures ever in Albania. This project is expected to stimulate economic activity by creating jobs and developing skills and opportunities in the country. With the start of operation, TAP can also create an annual income stable and predictable. We also hope that the pipeline will help Albania in the process of integration in Europe through its evolving role of regional and geo-strategic and continuous promotion of stability.

### **Conclusions**

The main purpose of the report was to show how, in this decade, energy security is at the center of geopolitical agenda and has become the focus of numerous political debates. Security issues and energy supply can not be handled without political involvement. Risks that cause relationships to those exporting importing countries, highlighting the ability to: damage to the economies of importing countries, through suspension, his physical absence; significant adverse impacts on the economies of importing countries; demolition / impact on political relations between the two countries or regions, are indicative of a "fierce" where necessary and where the influence. Thus ensuring gas supply in Europe has a number of risks associated with dependence on imports from outside suppliers, including investment risks, transit and safety. Treated as a single market, from an economic standpoint, it requires the establishment of a set of rules governing economic relations among the countries importing and exporting power, but that could not be done without a common political approach.

In its energy system are evidenced some limitations such as:

restrictions on certain upstream production, particularly in the gas sector; export restrictions of the infrastructure (traditionally, Russian oil and infrastructure of gas export is destination only in the European market, and to diversify directions of export needed massive capital investment), which make Russia much more a regional supplier, the European energy supplier, rather than a global supplier;

Russia is characterized by internal heavy and not very efficient energy consumption, which makes the country primarily a consumer of energy, much more than an energy exporter;

structural and investment restrictions: despite high energy potential accumulated under their control, Russian authorities still lack many specific mechanisms of influence on the actions of energy companies due to corruption and lack of discipline.

The challenge of future investment is also very important, since in both gas and oil, Russia is reaching an expiring period of potential matured oil and gas fields, and new investments are necessary to introduce new green areas in remote areas. As corporations associated with the state, as the Russian financial system, which is still very weak and being reformed, they are not willing to finance such projects.

But all this does not seem to have prevented Russia to build and implement its energy policy. So where can you achieve it is another flexible question. Until now, Russia has shown more than once that in the international arena is intended to be a gamer to play with its rules and not conditioned by others. It seems that it is against a common approach in Europe, and more than direct confrontation with Western governments, it aims to maintain European foreign policy of wandering, she played with its strategy of "divide and conquer".

Regarding from this standpoint, Europe is taking the initiative to create a common energy market within the continent by creating projects, which will make it less dependent on regions that produce energy. In this moment search for energy, Albania comes as a new regional energy potential and wider thanks to its natural resources. This opportunity brings Albania closer to Europe as a partner that evokes reliability.