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Editorial

The Energy Security Forum continues with the online debate on energy security. The first volume of the Forum which was posted on the internet in June addressed Gazprom's domination over the Central Eastern European states' gas market. We hope that the views offered in this volume by prominent experts and scholars gave a fair picture of the complexity of the issue. One can only expect that despite their diverging interests, major natural gas suppliers, transit countries and consumers will eventually come together to deliver on the long term goals of sustainable energy and energy security for all.

In keeping with the promise to pay more attention to the EU and NATO energy security policies in our second volume of the Forum we addressed the problem of inadequate EU and NATO cooperation in this field. We have asked distinguished international experts to assess the prospect of EU and NATO working together on energy security. What synergies and templates of cooperation are possible, if at all? The last decade has witnessed mounting disagreements and obstacles for closer EU-NATO relationship which has made military cooperation between the EU and NATO increasingly more difficult. In this kind of a situation starting first with soft security matters might pave the way for addressing hard security matters at a later stage. We hold the view that global economic and political realities necessitate enhanced institutional dialogue and better interoperability. This would be beneficial for both, EU and NATO because it would make them much stronger and effective when dealing with possible energy crisis and projecting peace and stability in their respective areas of operation.

Having said that we are extremely pleased to give the floor to the three prominent scholars to explore the factual achievements, possible directions and likely obstacles for EU-NATO energy cooperation.

Frank Umbach, Senior Associate and Head of the Programme „International Energy Security“ at the Centre for European Security Strategies (Munich-Berlin) and Associate Director at the European Centre for Energy and Resource Security (EUCERS), King's College (London), emphasizes the role of the Alliance as the most important transatlantic forum for political debates. He also points out that the disruption of the flow of vital energy resources has been perceived as a factor affecting NATO security interests since early 90-ies, at least. According to him, nowadays NATO is doing nothing more than adjusting its instruments to the current realities. As the EU is doing the same thing, the need to combine the strengths of the two institutions and avoid duplication is crucial.

Boyko Nitzov, Director of Programs for the Dinu Patriciu Eurasia Center at the Atlantic Council (Washington, D.C.), thinks that NATO and the EU share similar or identical objectives in the areas of diversification of supply, energy infrastructure integrity, response to emergencies, relations with third countries, etc. According to him, overlapping issues of common concern open multiple opportunities for cooperation and these could be laid out in concrete agreements. Focusing on prevention, strengthening resilience and building up a permanent framework for the elimination or reduction of the short and long term energy security risks are seen as the activities bringing the greatest added value to the EU and NATO cooperation on energy.

Tomas Malmjöf, researcher at the Swedish Defence Research Agency (Stockholm), agrees that international organizations with a stake in energy security have to work closely if they are to provide added value. He also notices that if properly addressed, EU-NATO energy security cooperation could become a perfect complementary match. At the same time he raises the question of institutional turf war, which is possible due to the competing ambitions and lack of common ground for cooperation. In this regard, according to Tomas Malmjöf, thoughts of a grand design of an EU-NATO energy security acquis are hardly realistic, at least in the nearest future.



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EU-NATO COOPERATION ON ENERGY: DREAM OR REALITY?

When NATO member states accepted it's the alliance's new Strategic Concept at their Lisbon summit in November 2010, it outlined a much more forward-looking concept. After years of controversial discussions, it is addressing in particular non-traditional security challenges. In contrast to subject of proliferation of weapons of mass destruction, which is a long-time debated issues and was already addressed NATO's former Strategic Concepts since the end of Cold war, the new concept also pays considerable attention to energy security. Internally, it was already discussed since the first Russian-Ukrainian gas crisis in January 2006 and was already an issue of discussion at many NATO conferences with Partner countries during the last years. However, due to fears of a "militarization" of energy policies and of concerns it might damage bilateral or the EU's likewise ambivalent energy relations with Russia, some member states such as Germany and France essentially blocked discussions even in the political circles in NATO's headquarter, and therewith also debates in the most important transatlantic political dialogue forum. For many other NATO member states, that was hardly understandable because both countries and Germany in particular had pushed NATO for years to develop a more comprehensive security concept and to address new non-traditional security threats.

Those critical attitudes are overlooking that NATO was always not just a military alliance like the old Warsaw Pact but the most important transatlantic forum for political debates on a wide range of foreign, security and defence policies. Furthermore, they have rather ignored that energy security was not really a new for the Western alliance.

Actually, NATO has long recognized that energy security and in particular the disruption of the flow of vital resources like oil could affect Alliance security interests. The first Gulf War in 1991 - albeit not a NATO operation - involved key NATO member states (U.S., France, Great Britain, Italy) that sought not only to liberate Kuwait but also to prevent Iraq to control Kuwaiti oil as well as to threaten oil fields in Saudi Arabia and other Gulf producers. Although both NATO's old Strategic Concept of 1991 and of 1999 already stated the need to include global security challenges that can affect the Alliance security interests such as "*the disruption of the flow of vital resources*". But the European left the task of stabilizing the flow of oil from the Persian Gulf to their economies basically to the U.S. armed and in particular naval forces although Europe was at that time as much as dependent on a stable oil import like the U.S. for their countries as well as the world economy. Today the situation has even changed that the U.S. imports from the Gulf region had been decreased from 24% to just 12% due the "silent revolution" of unconventional gas and a pro-active diversification policy, whereas Europe is with 30% of its total oil still much more dependent than the U.S. in regard to its oil supply security.

Although NATO still perceives the manifold challenges of international energy security not as its primary threat or future mission, it has increasingly recognized since its Riga summit of 2006 the need to cope with those geoeconomic and geopolitical implications for its security that has been defined much more comprehensively by including non-military security threats since the 1990s. While the issue of energy security was still under discussion and controversy which specific roles NATO has to adopt, the Alliance has reached some consensus about its limited and complementary roles towards the "*enduring energy challenge*". At its Bucharest Summit in April 2008, the Alliance Heads of States and Governments (HOSG) noted a report on "*NATO's Role in Energy Security*" that defined five key areas and principles of engagement on energy security in: (1) information and intelligence fusion and sharing; (2) projecting stability (through partnership and outreach programmes); (3) advancing international and regional cooperation; (4) supporting consequence management; and (5) supporting the protection of critical energy infrastructure (CEI).

Meanwhile, NATO has initiated numerous practical programmes of energy security both within the Alliance as well as with its Partner countries. They include exercises, workshops and research projects. On the background of the latest Russian-Ukrainian gas crisis in January 2009 that seriously affected the energy security of a number of Allies and Partner countries, the HOSG declared at NATO's Strasbourg-Kehl summit of April 2009: "*The Alliance will continue to consult on the most immediate risks in the field of energy security. ... The issues of a stable and reliable energy supply, diversification of routes, suppliers and energy sources, and the interconnectivity of energy networks, remain of critical importance. Today we have declared our continuing support for efforts aimed at promoting energy infrastructure security.*"

As mentioned above, NATO can, on request, support and advice on CEI protection (CEIP) and on its key risks. Since the mid-1990s and particularly since 2001, protection of critical infrastructure has been recognized as an important and rising national as well as international security risk that needs to be addressed by national states and international organizations. Recent history after 9/11 has demonstrated and highlighted that critical infrastructure has been increasingly been damaged and that disruption

of critical processes can have far-reaching political, social and economic impacts. Critical infrastructures include installations and networks in the energy sector - especially the installations for producing electricity, oil and natural gas, for storage and refineries, LNG terminals, transport and distribution systems. Serious damage can be caused by:

- Natural events;
- technical failure and human error;
- intentional acts of terrorists or other criminal nature;
- armed conflicts, civil wars and wars with other countries; and
- cyber warfare attacks as a new security risk phenomenon.

Although the worldwide energy industry has extensive experience with ensuring operational safety, managing natural catastrophes and prevention of damaging and disrupting energy flows, the increasing sophistication of global terrorism and the growing cyberwarfare capabilities of private hackers, organized crime and terrorist groups represents new challenges of a rapidly changing global security environment, in particular to those rather inexperienced European energy companies have started their energy business (exploration, production, exports, refinery processes etc.) outside Europe (North and Central Africa, Middle East, Central Asia etc.) just during the last decade. The traditional security measures of “guns, gates and guard” will still be needed, but they are insufficient to cope with the new risks and threats stemming from a new and rapidly changing security environment. It highlights the security implications of our dependencies on the spread of information technologies in all areas of our daily life.

In this context, NATO also declared to analyze developments in the electricity, gas and oil sectors and to share best practices and experiences with Partner nations. But like the EU, it recognizes that CEIP remains first of all a national and industrial responsibility. But it could also play an important preventive role for enhancing CEIP in the framework of its security concepts and efforts against international and home-grown terrorism or in the maritime environment. If invited, for instance, it can build on NATO’s extensive experience of Alliance operations such as *Operative Active Endeavour* to deter and to prevent terrorist or piracy attacks or other disruptions to supply energy and other strategic resources and maintain security for key resource routes and strategic *Choke Points of Seals of Communication (SLOCs)*.

A particular concern has been raised in regard to cyber-attacks on CEI as demonstrated by Russian electronic attacks on Estonia in April 2007 and on Georgian websites before and during the military conflict with Russia in July-August 2008. While Russia and China have been identified of being heavily engaged in cyberwarfare and cyberespionage, both countries are also at the forefront to nationalize the cyberspace by creating new and more effective “great firewalls” due to their rising concerns of domestic political stability and the role the internet played in the political revolutions worldwide during the last years. In the West, the losses of cybercrime continue to outpace at a staggering rate the technical efforts as well as newly established laws and rules by legislators and in the courts.

These new security threats prompted NATO’s HOSG to declare at its Strasbourg-Kehl Summit of April 2009: “We remain committed to strengthening communication and information systems that are of critical importance to the Alliance against cyber attacks, as state and non-state actors may try to exploit the Alliance’s and Allies’ growing reliance on these systems”. In line with these concerns and new policies, the Alliance has established a *NATO Cyber Defence Management Authority*, improved its existing *Computer Incident Response Capability*, created the *Cooperative Cyber Defence Centre of Excellence* in Estonia and supported Lithuania’s *Energy Security Center*, which aims to gain the status of NATO’s Centre of Excellence. Furthermore, cyber defence has already become an integral part of NATO exercises and is now increasingly been addressed in close linkage with energy security because of the need to enhance the protection of critical energy infrastructures as physical and cyber-attacks have tremendously grown during the last years.

At the same time, energy security has become an ever increasing important issue for the EU due to the repeated gas and oil disruption supplies by Russia in conflicts with Ukraine and Belarus and rising geopolitical risks for the global energy supply, a strategic trends of re-nationalization of many energy and resource sectors in the world and their implications for a changing power balance between supplier and consuming countries, leading to “supplier markets” and the power positions of the leading energy exporters. While the EU’s energy supply security strategies and its common energy foreign policies have undoubtedly made impressive progress since 2006 (and more than in many other EU policy fields), it does still not speak sufficiently with one voice as it can be seen in particular in the EU-Russian relation as the result of different national bilateral relations with Moscow and lack of common strategic thinking. But with the further development of the common internal market and the impressive energy infrastructure programmes underway (internal electricity and gas interconnectors, Nabucco, LNG-terminals etc.), the issue of safety and security of critical energy infrastructures, cyberattacks, maritime transport of energy resources, political stability of and other global energy security security will become ever more interconnected. Therefore, the EU and NATO need to combine their specific bureaucratic strengths and economic, political and security instruments to maintain and enhance the energy security of their member states at a time of “unprecedented uncertainties”.



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EU, NATO, AND ENERGY SECURITY: ACHIEVEMENTS AND SYNERGIES

It is time to enhance the EU-NATO relationship on energy by building a comprehensive understanding on the fundamentals of common energy security, a task which requires shared assessment of the risks and vulnerabilities, as well as the ways and means to deal with them.

EU and NATO stances on energy security

Energy security is now a major element in the strategic vision of both the EU and NATO. The Treaty of Lisbon introduced in 2007 a section on energy, mandating for the EU a policy of pursuing proper single energy market of energy supply, the promotion of energy efficiency and energy saving, and the development of new and renewable forms of energy. Implementation of this mandate is underway. Extensive effort is being spent on providing the tools to make solidarity, cohesion, and competitiveness succeed. Among these tools, not necessarily in order of priority, are: constructing the infrastructure needed to connect markets and diversify supply, strengthening EU's external energy relations, enhancing the emergency response mechanisms to oil and gas shocks (including security of gas supply), energy efficiency, and making the best out of indigenous energy resources. Overall, the goal is to fundamentally improve energy security and provide consumers with better energy services.

NATO included issues related to energy security in the declarations adopted at the Riga (2006) and Bucharest (2008) summits and reconfirmed its commitment at the Strasbourg-Kehl meeting (2009). At the Lisbon Summit (2010), the Alliance noted that a stable and reliable energy supply, diversification of routes, suppliers and energy resources, and the interconnectivity of energy networks remain of critical importance. The Summit foresaw consultations on immediate energy security risks and in line with the new Strategic Concept, concentrating on the areas agreed at Bucharest. The Summit also tasked NATO's Council with the preparation of an interim report on the progress achieved in the area of energy security for the Foreign Ministers' meeting in December 2011 and a further report for consideration at the next summit.

Possible directions for EU-NATO energy cooperation

The EU and NATO have developed broad energy policy agendas that list similar or identical objectives, particularly in the areas of energy security and diversification of supply, energy infrastructure integrity and connectivity, response to emergencies, relations with third countries, and the promotion of technologies of critical importance for energy efficiency, better use of resources, and the mitigation of the environmental impacts of energy. On the agendas of both the EU and NATO is, in essence, the promotion of an energy security policy of European, transatlantic, and Eurasian scope.

The extensive overlap of issues of common concern and the desired objectives between the EU and NATO have opened multiple opportunities for cooperation, but also raised questions about precise modalities of action and interaction. The response so far has been to try to identify the issues, ways, and means whereby each organization could add greater value, or areas where cooperation may create synergies that would otherwise remain untapped. The discourse regarding the EU-NATO's relationship on energy security issues has not been without controversy regarding the scope and operational formats of cooperation, and overriding views about energy security as a public good. Over time, a mandate for NATO's engagement in energy security issues and the avenues of its engagement with partners and stakeholders has emerged, as laid down initially in Bucharest and most recently in the Lisbon Summit Declaration.

Mechanisms of EU-NATO energy cooperation

A recent poll indicates that an overwhelming majority of Europeans (79 percent) now support the principle of solidarity in the face of a crisis. A member of the European Parliament notes that the EU institutions have turned solidarity into much more than a slogan when it comes to energy: the thinking is now, in fact, the equivalent of the famed Article 5 of the Treaty of Washington whenever Union members face energy security challenges¹.

The EU's and NATO's stance regarding cooperation is now firmly based on concrete agreements. The landmark Framework for EU-NATO Permanent Relations signed by the EU's Secretary General/High Representative and NATO's Secretary General on 17 March 2003 provides for several mechanisms that could serve, by extension, as a basis for cooperation between the two organizations in energy. The EU and NATO agreed on mutual crisis consultation arrangements, entered into an agreement on security of information, and defined ways for EU's access to NATO planning, NATO European command options, and use of NATO assets and capabilities. In this EU-NATO context, NATO's role is not to be in energy per se, but in energy security, in

¹ Cf. "Security of Energy Supply in Europe". The European Files, No. 22/2011, p. 22.

particular via promoting consultations, stability, exchange of information and best practices, and the protection of critical energy infrastructure.

Multilateral avenues are another possible mechanism of EU-NATO cooperation, by taking coordinated positions and promoting common agenda. The Euro-Atlantic Partnership Council (EAPC), the Mediterranean Dialogue and the Istanbul Cooperation Initiative (ICI) are all examples of such platforms. The Organization for Security and Cooperation in Europe (OSCE) is yet another one. Regional multilateral dialogues could address energy security issues in a more specific context and help remove bottlenecks that are difficult to deal with in other formats.

Bilateral platforms with third countries, particularly where key stakeholders in the energy business are involved, such as the NATO-Russia framework and the EU-Russia Dialogue, also have the potential of being useful in building up constructive relationships with external energy suppliers and contributing to energy security.

Adding value for both organizations and for the transatlantic community

Protecting the energy security of their members is a long-term strategic task for both the EU and NATO. Over time, challenges will vary and responses will have to be adapted. Besides, the EU members tend to fall into different categories of vulnerability as far as the threat of the use of the “energy weapon” is concerned. For these reasons, views about priorities will differ and evolve over time, and a permanent dialogue is required. At this moment, dependence on foreign suppliers, lack of diversification of supply and market integration, the danger of energy supply cut-offs, and threats to physical infrastructure are of immediate importance. The challenges of mitigating climate change, improving energy efficiency, deploying advanced energy technologies will persist on the EU’s and NATO’s agendas in the long run.

The greatest value added for the organizations is probably not in dealing with the tasks of the day or the energy business itself, but in building up a permanent framework for the reduction and - where possible - the elimination of energy security risks, both short- and long-run. These risks are occasionally direct (i.e., threats), often convoluted, sometimes sector, country, or region-specific. Proper risk assessment is therefore a *sine qua non* for informed energy security policy and political decisions, as well as for formulating and implementing specific responses.

Considerable effort has been spent by NATO towards the identification and the assessment of risks to and the support of the protection of critical energy infrastructure, as well as on putting together the basis of a working relationship with EU via exchange of secret data and information, promotion of regional and international cooperation and other ways. Ultimately, a good service to a modern democratic society is not only in providing defense and deterrence, but in promoting prevention and strengthening resilience. In cooperating on the “hard” and “soft” aspects of energy security, both the EU and NATO stand to weed out weaknesses and gain much more than the organizations could achieve without each other.



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The views expressed are the author's own and do not necessarily reflect the views of the Swedish Defence Research Agency or Swedish official policy

CAN THE DREAM SURVIVE THE HARD REALITY?

A Sceptic's View

In spite of being an essentially national problem, a growing number of international organisations have included energy security in their own agendas – if they were not set up altogether in order to specifically deal with this issue. Contributing causes to this transnational securitization are an unbroken growing demand for finite energy resources and exploitation of energy demand as a means for certain exporting or transiting countries, companies or even terrorist groups to exert economic and political pressure on other actors in one way or another. An additional issue that has moved energy security into the global spotlight is the ensuing impact of extraction, transportation and use of certain energy carriers, first of all carbon-based, on the environment and human health.

In a European and transatlantic context with its complicated web of political and historical alliances, friendships and animosities, international organisations with a stake in energy security have to work closely together and avoid double work if they are to provide any added value. As the most central actors on this scene, and as such, crucial complimentary tools for European security and prosperity, NATO and the EU have a special responsibility to set a good example for all other. Yet, there are no automatic guarantees for success.

The EU's take on energy security: the market approach

A first set of EU-NATO challenges concerns their dissimilar institutional contexts and prevailing perceptions of energy security. EU key strategies for enhanced energy security are based on diversification of energy sources and suppliers and promotion of a more diversified energy mix. It also aims to deepen its partnerships with energy suppliers as there is a persistent belief that energy interdependence, deduced as a right balance between security of supply and security of demand, will let the EU member states of the hook of unstable or unreliable suppliers. Thus, within the EU, market forces are expected to do most of the trick.

NATO: military approach to civilian matter

NATO's interest in energy security emanates from its obligation to protect its own energy reserves in order to ensure the capability of its forces. This mandatory assignment explains why NATO built an extensive military pipeline system in its earlier days and why at present it continues to develop standardisation of petroleum products, handling equipment and logistics.

With the end of the Cold War and the subsequent NATO enlargements, the Alliance's perception of energy security has expanded to embrace the security needs of its 26 member countries as well. Still, there is cautiousness against getting too much involved. Critics have argued that diverging national interests and threat perceptions, not least when it comes to Russia, holder of a key position in European energy supply, makes it impossible to hammer out any common position on energy security. Furthermore, energy security is already being dealt with by other organisations; any involvement of the Alliance might cause an unduly militarization of an essentially economic issue and it could result in a dilution of NATO core tasks anyway.

With the Bucharest summit, member states nevertheless agreed on five key areas where the Alliance could provide added value to global energy security: information and intelligence fusion and sharing; projecting stability; advancing international and regional cooperation; supporting consequence management; and supporting the protection of critical infrastructure as well as crucial sea lanes. In other words, military risk analysis and military means would still be at the core of any NATO contribution.

A challenged partnership from within provides no good basis for cooperation

If properly joined, EU-NATO energy security cooperation could become a perfect complementary match, with the EU bringing economic and diplomatic tools and NATO providing for intelligence as well as power projection and military protection as last resorts. The alternatives are less attractive: an institutional turf war on competing ambitions or a drifting apart due to lack of common ground for cooperation.

Whatever alternative will prevail, any bet on the end result can not be uncoupled from a thorough analysis of the comprehensive condition of EU-NATO affairs. This leads us to a second set of challenges, the underlying political causes for the present dysfunctional EU-NATO strategic partnership. There is no big secret that there is an active fault line between Europeanists and Atlanticists within the two organizations that becomes visible from time to time. A second fault line relates to states with membership in just one organisation. Connected with the other organisation through the EU-NATO strategic partnership, they might gain more influence over the organisation they are not member of on policies and resource allocations

than deemed appropriate for non-members. The unsolved Cyprus question is a special case in this sense. Abusing the EU-NATO cooperation arena in order to hit back at each other, EU member Cyprus and NATO member Turkey have – with some exceptions – practically stalemated any effective application of the Berlin Plus agreements – the cornerstone for EU-NATO crisis management cooperation. From one time to another, other states have found it useful to play on the Cyprus-Turkey conflict to promote their Europeanist or Atlanticist national agendas as well, usually to the detriment of the common interest of all. All other things being equal, it is highly likely that any EU-NATO cooperation in energy security will meet the same fate as Berlin Plus.

Way ahead – small steps and no grand design

The EU and NATO must make sure that any joint undertakings on energy security will not provide another platform where member states can pursue their own agendas or settle old internal scores. Any thoughts of a grand design of an EU-NATO interorganisational energy security *acquis* are hardly realistic, as things stand at present. The Cyprus question and other underlying political issues at the root of the lack of present EU-NATO cooperation need to be addressed much more proactively and urgently.

As for addressing energy security, small pragmatic steps will be better than one great leap forward. Any joint action should be concentrated to specific questions on a project basis and with an *ad hoc* division of work. Uncontroversial standardised low-key procedures and routines might then be formed from lessons learnt – an embryo for a future comprehensive platform on which a shared grand strategy eventually might be built. Suitable activities for a first draft agenda might be promotion of dialogue and sharing of information. A more high-level but still not too controversial activity might be standardisation of petroleum products and common logistics, aiming at simplifying cooperation between separate EU and NATO military and civil crisis management missions.

Given that the EU and NATO achieve a perfect complementary match, their member states will benefit from a more comprehensive, coordinated and wider energy security policy than could be obtained if they were not to join their expertise. The transatlantic dialogue on energy security would benefit as well as it would comprise more countries and facilitate the energy dialogue between the EU and USA and Canada. An effective energy security cooperation framework would possibly also be able to stand as a model and catalyst for solving the knots that have paralysed the Berlin Plus.