

Role of geopolitics in energy security

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To introduce the topic, it is important to say that there is not a single approach of energy security : it depends where we stand. In fact, the approach changes if we are a consumer and importer country or a producer and exporter country. From the prospective of importer countries, the main challenge is to secure its energy supply by diversifying sources and routes. From the prospective of producer and exporter countries, the energy security issue relies on their dependance on the user. It means that they need reliable buyers to guarantee a stable price and demand and to pay long term contracts.

As it was asked by the organizers, I will present the challenges of energy security for Europe. In this regard, I will focus on the first approach of energy security which is : how to secure the energy supply ? Still, it is essential to keep in mind that producer countries have some needs and are also concerned by energy security issues.

In first, I will give an overview of the current geopolitical and energy situation of the EU, with key facts and figures. Then, we will have a look at the european strategy to ensure its energy security. And to conclude, we will analyse the achievements and the limits of this strategy.

1) **Overview of the geopolitical and energy situation of the EU**

Since the last decade, energy is becoming a major issue for the european union because of several structural and conjonctural changes :

- the growth of global energy demand with the arrival of emerging countries on the international market (China and India will reach 3 billion people in the years to come), in front of that, the ressources of oil and gas are limited, and of course there is the huge challenge of the climatic change.
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- we face important changes in the international and geopolitical balance after the fall of Berlin war in the 1990's, the emergence of terrorism at the beginning of the 2000's, and more recently the arab spring and its consequences on the stability in the Middle East.
 - we also face the return of Russia as a major actor on the international scene, notably with the ukrainian crisis of 2006, 2009, and the current one which began in february 2014.

All those factors enhance the competition between consumers countries to control the sources and the routes of energy supply. That explain the rising concern of the european Countries about energy security issue.

Some figures to illustrate energy dependancy of the EU. Regarding the energy consumption of the EU, we see that, despite the share of nuclear and renewable energy in the european energy mix, fossil fuels remain the biggest share of the EU energy consumption.

According to the report of the European Commission published in may 2014, the EU imports 53% of its global energy consumption : 90% of oil (one third from Russia), 66% of natural gas (two thirds from Russia), 42% of solid fuels, and 40% for nuclear fuel. Those figures shows the high level of dependancy on external supply.

Some key facts to illustrate the several challenges of the EU, view from the inside, the energy situation of the 28 members states is uneven concerning their national energy mix and their level of dependance to external suppliers (6 of the 28 members states rely entirely on russian gas imports).

Last but not least, the external energy bill of the EU, in terms of energy import is about 1 billion euro per day (400 billion euro for the year of 2013). This figures have to be set in the broader context of the current economical crisis of the EU.

II) What is the european strategy for energy security ?

After this statement on the huge dependance of the EU to external suppliers and the raise of geopolitical risk, notably with the instability in the Middle East and the tense situation between Moscow and Brussels, what is the european strategy to ensure its energy security ?

The Commission , in its reports on energy security defined a strategy based on 8 key pillars :

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1. Immediate actions aimed at increasing the EU's capacity to overcome a major disruption during the winter 2014/2015
 2. Strengthening emergency and solidarity mechanisms including coordination of risk assessments and contingency plans; and protecting strategic infrastructures
 3. Moderating energy demand
 4. Building a well functioning and fully integrated internal market
 5. Increasing energy production in the EU
 6. Further developing energy technologies
 7. Diversifying external supplies and related infrastructures
 8. Improving coordination of national energy policies and speaking with one voice in external energy policy

III) Achievements and limits of this strategy

What does that mean concretely ? I chose only few points that I consider as the most important regarding geopolitical issues. What has been done and what has to be done ?

- Regarding the immediate actions... in fact : winter is coming !

The cooperation between member states, regulators, and transmission systems operators will be enhanced in respect to avoid disruption. A particular attention is paid to vulnerable areas, the storage capacity has to be enhanced and the reverse flows developed.

This point is under achievement, according to Dominique Rostori, director of the Energy Directorate General of the European Commission, the gas storage are full over 90%. That gives a large leverage to the EU toward Russia for the winter of 2014/2015.

- About protecting strategic infrastructures : it is necessary to launch a wider debate on the protection of strategic energy infrastructure such as gas and electricity transmission systems which are providing a crucial service for all consumers. This debate should address the control of strategic infrastructure by non-EU entities, notably by state-companies, national banks or sovereign funds from key supplier countries, which aim at penetrating the EU energy market or hampering diversification rather than the development of the EU network and infrastructure.

The question remains: how to ensure the security of critical infrastructures and strategic areas (militarisation of those areas, private or public forces, cost issue....) ? With the rise of IT risk, terrorism and piracy, how to control the transportation all along the supply chain, ?

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- Concerning the diversification of external supplies and related infrastructures :

When we look at the figures for the importation of gas for the year 2013, diversification of the sources of the EU is already well advanced : 39% from Russia, 33% from Norway, 22% from North Africa, 4% from other sources, LNG imports from Qatar and Nigeria reach 15%.

About the imports from North Africa, Algeria and Libya, we faced important geopolitical risk. In fact the current situation in Libya is a real chaos. This political instability affects the production of the country which constitute a risk for the EU hydrocarbons importations.

- One of the main priority of the EU strategy is to diversify routes and sources : in this respect the establishment of the Southern Gas Corridor and identifies projects of common interests (including TANAP and TAP) are considered as important elements to respond of the mid term and long term energy demand of the EU. In fact, this route would permit to import resources from the Caspian region to the EU market. With the Southern Gas Corridor, 10 bcm from Azerbaidjan through Turkey would reach the EU in 2020 which represents only 2% of the EU current demand). The Souther Gas Corridor is also seen as a vital infrastructure to provide connection with the Middle East and Central Asia.

To achieve this aim, there is an urgent need to find an agreement about the iranian nuclear talks to raise the embargo on Iran energy sector. Iran is one of the biggest proven resources of in the world. And to restore stability in Irak and Syria, which are nowadays considers as failed state, with the threat of IS which holds and controle some oil fields in Syria and in Irak and controle also routes to export their production.

- And at least, the last point of the strategy is to improve coordianation of national energy policies and speaking with one voice in external energy policy.... Let's say it is a such ambitious wish regarding the current cacophony concerning the South Stream project between the European Commission and the transit countries of the Balkans. But i let this topic to the other speakers.

Thank you for your attention.
