

# CHAPTER I

## INTRODUCTION

### 1.1 Background

Energy is what powers the human community to thrive and to develop. Hence, it is very much essential for humans to depend on a secure stream of energy. Backed by UN Sustainable Development Goals number 7 for “Clean and Affordable Energy” and by United Nations Economic Commission for Europe (UNECE) with its “Energy Security” main agenda, humanity and the international community recognized energy security as one of the most fundamental tools for humans to live with.<sup>12</sup>

Europe’s drive for energy security has been seen from the early times, during the early phase of European integration, through the European Coal and Steel Community (ECSC). The primary purpose of the ECSC foundation was to give free movement, regulation, and market price, without additional import duties and other practices.<sup>3</sup> The ECSC was conceived as Europe’s first attempt at having a safety net for European Energy Security. ECSC was then transformed into The European Union during the 1992 Maastricht Treaty.<sup>4</sup>

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<sup>1</sup>“Ensure access to affordable, reliable, sustainable and modern energy”, UNSDG, Retrieved 16<sup>th</sup> July 2022. <https://www.un.org/sustainabledevelopment/energy/>

<sup>2</sup>“13<sup>th</sup> Session, 23 January 2013”, *UNECE*, Retrieved 16<sup>th</sup> July 2022. <https://unece.org/index.php?id=31622>

<sup>3</sup>WARLOUZET, LAURENT, and TOBIAS WITSCHKE. “The Difficult Path to an Economic Rule of Law: European Competition Policy, 1950—91.” *Contemporary European History* 21, no. 3 (2012): 437–55. doi: 10.1017/S0960777312000288

<sup>4</sup>Sangiovanni, Andrea. “Solidarity in the European Union.” *Oxford Journal of Legal Studies* 33, no. 2 (2013): 213–41. doi: 10.1093/ojls/gqs033

Following this, Europe is one of the areas of the world that depends on energy supply security to keep Europe “afloat.” Europe energy security has been one of the most highly discussed geopolitical threat topic within The EU community, with Europe’s interdependence on Russia’s gas supply to fuel its needs and along with it, affects Europe’s regional security. Europe’s energy security has been tested and jeopardized during the 2009 European Energy Security and during the period, Europe’s high dependence on Russia for gas imports has been impactful and devastating, in which the later part will be briefed upon. Hence, Europe’s “lesson” had not been taken heavily despite past experience in dealing with Russia action to use Europe’s gas security as a geopolitical weapon and threat.

Europe is a continent with most of its area have period of months below the blanket of cold winter. Hence, it is crucial for gas and oil to run to Europe to warm buildings, homes, shops, offices, etc., and keep essential industries running. Europe was then hit by the 2009 European Energy Crisis which made Russia to cut off the supply of gas to Ukraine in part due to Ukraine’s lateness on fee payment towards Russia over \$600 million.<sup>5</sup> This crisis happened during the winter times of Europe when most of the continent experienced a near-zero temperature due to lack of heating and made gas prices soar considerably high. This made The European Union sign an agreement called the Energy Security Agreement. This agreement would set

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<sup>5</sup>Bovair, J. L. & Chow, E. C, *Critical Questions: The European Gas Crisis*. 2019. (pp. 1), *Center For Strategic & International Studies*

a long-term diversification of energy imports and not rely upon a single market actor, in this case, Russia, to provide gas supply.<sup>6</sup> Which is unfortunately, had not been ultimately fulfilled by the time the unthinkable happened, a war in Europe in the 21<sup>st</sup> century.

Following the signing of the Energy Security Agreement after the event of the 2009 European Energy Crisis, The European Union through the European Commission then formed The Energy Union Strategy. This strategy specifically dubbed The Paris Protocol in 2015 is to further implement the Energy Security Agreement, in which to diversify Europe's energy source and market following the Russian annexation of Crimea as in accordance of the sanctions enacted by Europe and The US to Russia.<sup>7</sup> Quoting from The Vice president of the Eurocommissioner, Maroš Šefčovič, "*The biggest energy project since the foundation of The European Coal and Steel Community.*"<sup>8</sup>

Europe's effort on gas diversification has been promoted and endorsed heavily by member states of EU and Non-EU by introducing more diverse Liquefied Natural Gas (LNG) and gas import origins and not solely dependent on Russia's gas. Russia's LNG has been accounted heavily with figures of

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<sup>6</sup>Chow, Edward, C.. "The European Gas Crisis, *Center For Strategic & International Studies*, 2019. Retrieved 20<sup>th</sup> February 2022. <https://www.csis.org/analysis/european-gas-crisis>

<sup>7</sup>European Commission. "Energy Union Package". *European Commission*. 2015. [https://eur-lex.europa.eu/resource.html?uri=cellar:e27fdb4d-bdce-11e4-bbe1-01aa75ed71a1.0003.03/DOC\\_1&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:e27fdb4d-bdce-11e4-bbe1-01aa75ed71a1.0003.03/DOC_1&format=PDF)

<sup>8</sup>Eurativ.com and Reuters. "Will EU states play ball on Energy Union?". *Eurativ.com*. 2015. Retrieved from <https://www.euractiv.com/section/energy/news/will-eu-states-play-ball-on-energy-union/>

European supply around 40% consumed is Russian gas.<sup>9</sup> Europe's dependency on Russian gas however, has still not been lower significantly in contrast to the goals predetermined in The Energy Union Strategy.<sup>10</sup>

Europe's dependency on Russian gas is hard to be out aside. Russia's cheap, reliable, constant, and stable gas flow is hard to not be tempted. This can be seen even during the height of Cold War with USSR constructed a gas pipeline to West Germany. Then-US President Reagan warned West Germany that the construction of Russia's would increase the risk of Russia's influence and geopolitical leverage not just in Europe, but also The West.<sup>11</sup> Since Russian gas was proved to be cheap, reliable, constant, and stable, prompted Germany to further expand its reliance on Russia through the development and construction of second gas pipeline that runs through Ukraine in early 1990, Nord Stream 1 was planned in 1998 and operational in 2011, and Nord Stream 2 was planned in 2011 and was scheduled to be in March 2022, but was then canceled in part due to the Russo-Ukrainian conflict.<sup>12</sup>

The status quo of Europe's gas security has been in limbo since the start of escalation when Russian forces are building up near Ukrainian border of

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<sup>9</sup>Stang, Gerald. "The Bear and the Beaver: Russia and European Energy Security." European Union Institute for Security Studies (EUISS), 2015. <http://www.jstor.org/stable/resrep06876>.

<sup>10</sup>Mearsheimer, John J. Why the Ukraine Crisis is the West's Fault: The Liberal Delusions That Provoked Putin. *Foreign Affairs*. October 2014. <http://www.foreignaffairs.com/articles/141769/john-j-mearsheimer/why-the-ukraine-crisis-is-the-west-fault>.

<sup>11</sup>Ghaleb, Alexander. Natural Gas As An Instrument of Russian State Power. *Strategic Studies Institute*, US Army War College. 2011. ISBN 1-58487-510-0

<sup>12</sup>Kosowski, P.; Kosowska, K. Valuation of Energy Security for Natural Gas—European Example. *Energies*. 2021, 14, 2678. <https://doi.org/10.3390/en14092678>

Russia and Belarus. Russia has been using Europe's overdependence on energy as a method of blackmail and threats to Europe.<sup>13</sup> This can also be contributed by the lack of action to diversify European energy imports, hence making Europe unprepared to quickly verge to other alternatives even though Europe's policy on renewable energy to provide electrical heating and getting new sources such as Qatar and The United States had not been fully engaged and needs time to replace Europe's gas overdependence on Russia.<sup>14</sup>

After the Russian invasion of Ukraine in which took place in 24<sup>th</sup> February 2022, Russia had been hit by sanctions imposed by Western countries, predominantly from The European Union to The United States.<sup>15</sup> The Russian economy in which had been very dependent on its export of oil and gas was hit hard, Russia was blocked from international banking system, Multinational Cooperation pulling its investments from the country, frozen Russian assets in Western countries for Russian officials and oligarchs, and The United States' ban on receiving Russian oil and gas commodity.<sup>16</sup> The European Union, who had been very dependent on Russian gas supply has no

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<sup>13</sup>Ghaleb, Alexander. *Natural Gas As An Instrument of Russian State Power. Strategic Studies Institute*, US Army War College. 2011. ISBN 1-58487-510-0

<sup>14</sup>Surwillo, Izabela, and Veronika Slakaityte. "WITH ENERGY AT PLAY IN THE UKRAINE WAR, EVERYBODY PAYS." *Danish Institute for International Studies*, 2022. <http://www.jstor.org/stable/resrep40094>.

<sup>15</sup>Patrahau, Irina, Michel Rademaker, Lucia van Geuns, Sarah Ojukwu, and Philip Geurts. "Implications of the Russian Invasion of Ukraine for Europe's Energy Policy." *European Tank Storage in Global Value Chains: Outlook to 2030*. Hague Centre for Strategic Studies, 2022. <http://www.jstor.org/stable/resrep40319.5>.

<sup>16</sup>Press Release. Treasury Sanctions Kremlin Elites, Leaders, Oligarchs, and Family for Enabling Putin's War Against Ukraine. *U.S Department of Treasury*. 2022. Retrieved from <https://home.treasury.gov/news/press-releases/jy0650>

choice but to continue receiving Russian gas.<sup>17</sup> The situation was seen dire as Europe had been hit hard by the shortage of gas during the 2021 winter months even though in 2021 alone, Russia distributed over 140 billion cubic meters (bcm) of gas to the EU and an additional 15bcm in the form of LNG.<sup>18</sup> Russia then demanded for the payment to be made in Russian Rubles (₽) for the list of unfriendly states, that had enacted sanctions though still receiving Russian gas and furthermore Russian gas is still flowing to Europe despite harsh economic sanctions.<sup>19</sup>

The European Union's global sphere of influence has been something that had been exemplified through the international system. Europe is the current leader in environmental policies and any policy that has been resulted from Europe, may influence the global energy market as a whole. As a result, the international community can be heavily impacted by the result of the energy crisis that may happen within Europe itself.<sup>20</sup> Inflation caused by energy crisis to the Euro could have a domino effect to other nation's economic ability, which will be analysed later through the research.

Russia's "rebellious" attitude as to be seen by the international community has been something that can affect directly the way of living in Europe, even

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<sup>17</sup>Surwillo, Izabela, and Veronika Slakaityte. "WITH ENERGY AT PLAY IN THE UKRAINE WAR, EVERYBODY PAYS." *Danish Institute for International Studies*, 2022. <http://www.jstor.org/stable/resrep40094>.

<sup>18</sup>*Ibid.*

<sup>19</sup>Press Release. A 10-Point Plan to Reduce the European Union's Reliance on Russian Natural Gas. *International Energy Agency*. 2022. Retrieved from <https://www.iea.org/reports/a-10-point-plan-to-reduce-the-european-unions-reliance-on-russian-natural-gas>

<sup>20</sup>Zielonka, Jan. "Disintegration Theory: International Implications of Europe's Crisis." *Georgetown Journal of International Affairs* 13, no. 1 (2012): 51–59. <http://www.jstor.org/stable/43134214>.

though Europe does not all consist of all European Union member states, the policy that can be picked by the higher EU officials could have both direct or indirect impact towards the European people. Europe's cost of high dependence on Russian gas has been tested through three big crises, the 2009 European Energy Crisis, the 2014 Russian annexation of Crimea, and the 2022 Russian invasion of Ukraine. Hence, seeing the three major circumstances that had been tested upon Europe, this research aims to see Europe's policy decision making and its progress towards lessening its dependency on Russian gas, and how it would affect current gas imports trends from Russia, to other international importers, to secure Europe's energy security.

## **1.2 Research Question**

Acknowledging the high dynamics of the events circumventing Europe's energy security, this research would set its boundaries on Europe's energy needs and how it had fulfilled its demand to secure its energy security through the events of the 2009 European Energy Crisis which led to the ratification of EU's Energy Security Agreement, through Europe's aggressive and high dynamics of decision making in response to Russia's annexation of Crimea, to the current Russo-Ukrainian conflict by putting the analysis time stamp no further than 30<sup>th</sup> August 2022 to avoid sudden incursion of events and to keep the analysis as firm and as relevant as possible. Therefore, based on the

conditions and background information relayed above, I would suggest one research question as follows:

1.2.1 What kind of leverage did the European Union already establish in its Energy Security from 2009 up to during the current 2022 Russo-Ukrainian Conflict? If so, would Europe have more considerable leverage than Russia? What are Europe's alternatives?

### **1.3 Research Objective**

In accordance with the given research question, this thesis will look at and examine The European Union's prior and current future action plans regarding securing Europe's energy security both in the short-term and long-term by analyzing previous events from the 2009 European energy crisis to the 2014 Russia's annexation of Crimea and seeing the current condition within the Russo-Ukrainian Conflict by weighing in with policies and agreements set out.

### **1.4 Research Significance**

This research is to conduct a policy and structural along with bureaucratic steps by analysis set to point out the importance of gas commodities within the market scope for Europe itself in general, especially by policies determined and made by the European Union that affects Europe in general for it to set its gas security condition, despite during the current Russo-Ukrainian Conflict. Furthermore, this thesis will delve into what attracts

Europe to heavily rely on Russian gas even though most European states have stances opposing Russia within the Russo-Ukrainian Conflict and provide insights as to why Europe does not have many alternatives at hand to diversify its source of gas quick enough.

This research will hopefully be beneficial for future scholars and researchers who are highly keen and interested in looking over the European energy security topic due to its high relevancy both subjectively and objectively to readers and researchers alike.

## **1.5 Research Structure**

This research will consist of five chapters which will be highly based on thorough data-based analysis and will follow up on developments up to 30<sup>th</sup> August 2022 regarding the timeline set for the analysis.

Chapter 1 will give the reader adequate general information which will brief the reader on the contents of the upcoming chapters, this chapter consists of the introduction which will provide a general context of information on the topic which will be analyzed through the chapter. The contents of the introduction part will be divided into five sub-chapters which will be the background of the topic; research question; research objective; research significance; and research structure.

Chapter 2 will give the readers the theoretical framework which will be gathered from literature and will hopefully give the readers a solid and strong foundation of the analysis and ideas further upon the research. This will

incorporate the relevant International Relations theories to serve as the framework of the research.

Chapter 3 will revolve around the methodology of the research, to explain to the readers on the research approach, data collection, and research method for this research.

Chapter 4 will consist of resources and findings found in academic e-books, journals, reporting, articles, and other sources to be matched with the relevant ideas found in Chapter 2 by using methodologies thoroughly explained in Chapter 3 based on the research question found in Chapter 1.

Chapter 5 will explain the concluding part where the research will summarize and give its insight into the research, by also giving possible recommendations on the conflict.

