

Europe's energy policy: economics, ethics, geopolitics*

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The European Commission's energy green paper [published](#) on 8 March 2006 promised a 'better integration' of energy objectives into the European Union's foreign and security policies. But, as the Commission publishes its [strategic energy review](#) ten months later, on 10 January 2007, the EU's approach to the foreign policy dimension of energy security continues to be unduly narrow and short-termist.

Indeed, the EU's current policies sit so uneasily with the Union's commitment to uphold democratic values that they risk undermining the stronger aspects of its international identity - and thus actually working against its own long-term interests.

Rivalry and responsibility

The 2006 green paper explicitly promised that energy imperatives would not lead the EU to dilute its focus on human rights and democracy in producer-states. In some cases at least, a number of member-states can be commended for having stuck to this principled position towards energy-rich regimes. A minority group of member-states has met with [Russian opposition groups](#); funded new human-rights and rule-of-law projects in Iran; blocked attempts to water down human-rights conditionality in relation to [Turkmenistan](#); rebuffed Nursultan Nazarbayev's push for Kazakhstan to be granted the [OSCE chair](#); and criticised Olusegun Obasanjo's unconstitutional bid for a third term in office in Nigeria.

But the overall dynamics of EU energy strategy have been dominated by the propensity of member-states to 'break ranks' and conclude bilateral deals that undermine both values-based foreign policy and European unity. Germany's relations with Russia are merely the most high-profile instance of this trend;¹ Germany, France, Italy, Austria, the Netherlands and Bulgaria too have sown up their own agreements with Gazprom.

National rivalries look increasingly fierce in central Asia, with European governments racing to ingratiate themselves with the region's autocratic leaders in the hope of winning lucrative oil-and-gas deals. Against the backdrop of brutal crackdowns against opposition groups in [Uzbekistan and Kazakhstan](#), a number of European governments have courted these two regimes with bilateral economic partnerships, and both have been offered additional [EU aid](#). Moreover, governments' race to conclude investment deals with Muammar Gaddafi has rendered meaningless the human-rights standards attached to the [European Neighbourhood Policy](#) with which the EU seeks to entice [Libya](#).

As a result of these developments, Javier Solana, the EU's high representative for foreign policy, [admitted](#) at an EU energy conference in November 2006 that 'the scramble for energy [...] risks becoming pretty unprincipled'. The record certainly ridicules the claim made at the same event by Commission president José Manuel Barroso that a 'quick revolution' has occurred, where member-states have surrendered their 'nationally-centred approaches'.

Some of the bigger EU states still appear unconvinced in practice that a common European approach to energy security will benefit them. Yet a resolute focus on human rights and democracy would not mean the subjugation of hard-nosed energy interests by naive idealism.

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¹ See Dieter Helm, 'Russia, Germany and European energy policy', *Open Democracy*, 14 December 2006.

A phantom trade-off

The drawbacks of current European policies have become increasingly clear. The [squeeze](#) placed on European oil companies in Russia is part of the general weakening of the rule of law witnessed under Vladimir Putin. In halting a number of concluded deals with foreign oil companies, there are recent signs that the Kazakh government may be following suit. In addition, President Nazarbayev has used the country's [national oil fund](#) as an instrument of political clientelism, limiting the resources available to enhance long-term production capacity.

European investors complain about rising levels of corruption in Azerbaijan, where experts see a connection between the patronage governing oil funds and the possible reigniting of the [Nagorno-Karabakh conflict](#) with Armenia. And in Nigeria, a self-serving political elite has undermined fair and accountable government, which has in turn intensified conflict and attacks on oil installations in the [Niger delta](#).

In the Middle East, regimes lacking democratic legitimacy have sought to garner popular support by restricting access for foreign investors. Algeria [reversed](#) energy-liberalisation plans in July 2006, with a beleaguered Abdulaziz Bouteflika looking to buy support from domestic "oil clans". In Saudi Arabia, it is widely suspected that security forces have been complicit in terrorist attacks on oil installations.²

The fear is often expressed that if Islamists [won](#) democratic elections in the Middle East they would cut energy links to the West; but such charges are not based on well-grounded evidence or argument. While some Islamists have advocated reducing levels of oil production, others have argued that energy income will be vital for funding Islamists' commitments to social programmes.

At least one diplomat (speaking off the record) acknowledges that the EU has not begun to think through the relationship between energy supplies and the political elements of its Middle East policy, as European governments appear content 'to just keep buying the oil' to cover short-term needs.

These examples highlight how a lack of democratic consolidation rarely provides a trade-off gain in 'stability' and predictability. Democracy of course brings risks and is never a fail-safe panacea. But it can assist in the development of more rules-based government and social inclusiveness - improvements much needed if the requisite investment is to flow into producer-states to boost productive capacity in oil and gas.

Between economics and geopolitics

European governments are in error, then, if they think that over the long-term, stability and democracy are mutually exclusive. Indeed, Britain's [Joint Energy Security of Supply](#) working group report of April 2006 explicitly recognised the link between the security of energy supplies into Europe and 'democratic reform in key producer countries'.

The EU has agreed new strategic partnerships with a number of producer-states that do intensify cooperation on governance issues. But such cooperation has been narrowly focused on energy-specific regulatory harmonisation. The EU must gradually broaden this technical focus into one that seeks to address the broader politics of oil in producer-states. A policy based solely on extending the reach of the EU's internal market cannot suffice for durable energy security. European policies are still driven by a cabal of energy technocrats that seems oblivious to such wider political linkages.

² See Paul Rogers, '[Abqaiq's message to Washington](#)', *Open Democracy*, 9 November 2006.

The EU should work towards a distinctive European approach, one that extends market principles within the scope of strategic agreements that also work to further political modernisation. Potentially, such an approach can combine both market integration and the geopolitical realities of energy security. It could even become the EU's valuable contribution to advancing approaches to energy security, by rejecting both untrammelled free-market models and purely bilateral deal-based [geopolitics](#). To act at this interface between economics and geopolitics could and should be an EU strong point.

The European Union rightly rejects the 'militarisation' of energy security - which many experts detect in the evolution of United States policies. But European governments are themselves failing to address the underlying requisites for energy security. The EU's own international influence has long been subject to a paradox: the organisation has built up influence as a symbol of certain norms and values and this has often proved the source of its ("soft") power in contradistinction to instrumental US-style ("hard") power politics. If European governments jettison such values in pursuit of a more instrumental form of energy-oriented strategic power, they could ironically endanger the foundations of the modest influence that the EU still enjoys.

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