RING THE ALARM?
ASSESSING THE THREATS TO EUROPE'S ENERGY SECURITY

AN INTERVIEW WITH
THANOS DOKOS

When it comes to ensuring energy security, is Europe focusing its efforts in the right direction or are currently discussed measures, such as diversification, doing more harm than good by creating a distraction from the real steps needed in the current context of climate change and increasing instability?

GREEN EUROPEAN JOURNAL: It has been suggested that energy has been at the source of all the main conflicts in and around Europe. In your view, what are the real sources of energy insecurity today in Europe?

THANOS DOKOS: In any debate about real or imagined security threats, one should remember that *perceived* threats are as important as real ones. The dominant school of thought in Europe today is one that could be described as rather alarmist because of its strong emphasis on what it considers as too high dependence of the EU on Russia for its needs in the natural gas sector. Related concerns have intensified because of the two energy crises involving Ukraine (2006 and 2009), as well as the increasingly aggressive Rusian behaviour after the Ukraine conflict (since 2014). There is no doubt that Europe's own dwindling deposits (in the North Sea) and its increasing reliance on outside suppliers – especially in natural gas, which is a regional commodity – is a vulnerability for the EU. Since the probability of new discoveries in Member States is rather limited (with the exception of additional discoveries in the maritime zones of Cyprus or Norway – a quasi Member State), the European response to this vulnerability should consist of a combination of diversification of its suppliers and a change in the energy mix (currently, the share of renewables in the EU energy consumption mix, which also consists of hydrocarbons – oil, gas, coal – and nuclear energy, is approximately 12.5% and the objective of the 20/20/20 strategy is to increase the share to at least 20%). Substantially increasing the share

of renewables would allow Europe to reduce dependencies and increase its energy security, among other benefits.

Competition for the control of energy resources and raw materials is certainly not a new phenomenon and has been at the heart of many conflicts in human history, although only rarely has it been the central cause of the conflict. Most often, energy resources are a contributing factor which can complicate and even exacerbate existing conflicts, but they are rarely the main cause. In many cases, the legitimate owner of energy resources is a rather weak state which suffers both from the so-called 'Dutch disease' and from the attention of big companies and more powerful countries who expect to benefit economically and geostrategically by exploiting those resources (especially in Africa). If there is no change in the dominant international security paradigm emphasising hard power and competitive relations between countries, it is possible that there may be a conflict between major powers (for example, involving China and the US) if there were to be global energy shortages or if their access to energy supplies was threatened by rival powers.

Although current energy security concerns are quite real and may cause friction and even conflict, there may be a degree of exaggeration in some cases, the main example being the EU and Russia.

Is the alarmist discourse on energy security creating insecurity where there was none?

THANOS DOKOS: According to the conventional wisdom on European energy security, the EU's energy needs will continue to increase, along with its worrisome dependency on a limited number of external suppliers. The projections of the International Energy Agency show that European market demand will increase by an annual rate of 2.4% and reach 630 billion cubic metres annually in 2030. Meeting this demand becomes a difficult task, especially if it is to be reconciled with the projected plateau and eventual depletion of Norwegian natural gas over the next two decades. In addition, the crises between Russia and Ukraine, when a dispute over the price of natural gas led to the interruption of Russian gas supplies to Central and Southeastern Europe, worked as an eye-opener for many policy analysts and media. European energy dependency on Russia is being frequently highlighted, and experts and officials argue that the need to take measures to reduce it has become even more pronounced after the 2014 Ukraine conflict. As the Russian Federation is already providing approximately 25% of natural gas consumption in Europe, the European market will need to find additional quantities of natural gas from alternative sources and via alternative routes.

Are the calls for the diversification of routes and providers of energy preventing the EU from having a real discussion on an energy transition?

THANOS DOKOS: Although concern about excessive reliance on Russia may be justified for countries which depend on Russian natural gas for more than 50% of their needs, it can be argued that there is a degree of exaggeration for the EU as a whole. There are continuous references to European dependency on Russia, but only rarely is the concept of interdependence discussed. Natural gas is a regional commodity (as it is mainly transported through pipelines, unlike oil, which is mainly transported by tankers, which have a much longer range and autonomy) and the customer has limited options of buying gas from neighbouring suppliers, and so too does the supplier, who is forced to sell to neighbouring customers. Russia may be using its relative advantage in dealing with each European customer separately (every great power, including China, Russia, and the US, is using the old British tactic of 'divide and rule' over an EU which has great difficulties acting as a single player) and 'forcing' higher prices. Russia's strength is, at the same time, its weakness, as the EU countries are its largest customers. If Russia cannot export gas to the EU, where else can it sell the natural gas produced in the western parts of the country? Siberian gas can easily be sold to China and other Asian countries but Russia doesn't have many options about the gas produced in other parts of the country. One could argue, therefore, that there is a state of relative interdependence between Russia and the EU regarding natural gas imports/exports. In other words, diversification of suppliers is an idea in the right direction, since monopolies or oligopolies never favour the customer, but there are additional and complementary ways of addressing Europe's energy security concerns, such as more cooperation between EU Member States that would have the overall result of reducing dependencies and increasing resilience, especially for the more 'exposed' Member States.

And, of course, when discussing energy security, the almost exclusive focus on dependencies on external suppliers, and especially Russia, prevents any meaningful discussion about alternative sources of energy such as renewables. It should be kept in mind that diversification may succeed in reducing dependencies on specific suppliers, but not the overall dependency of the Union on external suppliers. Only a fundamental review of our energy policies and a strong push towards renewables would satisfy both the objectives of reducing external dependencies and of managing the impact of climate change. For its own sake, but also for the world's (given that, since Trump's election, it is the only global player focused on managing climate change), the EU must intensify its efforts to implement the 20/20/20 policy and rapidly progress beyond that goal.

Is energy security about resilience, that is to say, European internal resilience to external shocks? And is there such a thing as an EU energy security or are Member States still too often looking out for their own energy security?

THANOS DOKOS: The current weak state of European economies and the memories of the impact of the oil shocks of the 1970s, in combination with current concerns about Russian behaviour and the possible use of the 'energy weapon', however alarmist and exaggerated they may be, feed Europe's paranoia about energy security. But 'even the paranoid have enemies' and the EU is vulnerable to the disruption of energy flows for any prolonged period of time or to a sustained spike in the price of oil and gas. Increasing internal resilience can be achieved by closer cooperation and integration of national energy markets in

the direction of creating a European Energy Union that would take into account the interests of all its members and would allow each one individually, and the EU collectively, to deal with future energy shocks and crises. Unfortunately, the current situation in the energy sector, as in almost every other sector, is a general trend towards the re-nationalisation of European policies, instead of any meaningful deepening of European integration.

There is a rather new debate about European resilience which is still in its early stages. The idea is that the EU should be prepared to successfully withstand shocks in various parts of its critical infrastructure, with telecommunications (and especially the Internet) and energy being at the top of the list of concerns. Not much has been agreed on and even less has been implemented, as Europe was relatively fortunate not to have faced an astute crisis in any critical sector. Were this to happen, the rather relaxed European attitude might change considerably and provide the impetus for a grand political European project. Such a project would also have broad support among European societies, especially in the countries most severely affected by a crisis. Without such a crisis, however, it is rather unlikely that such a project could take off.

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Are new routes and relations, be they for gas or oil, potentially fuelling insecurity and instability in the EU's neighbourhood?

THANOS DOKOS: The diversification of gas routes is useful, even necessary, but it should not be the central objective, only one of the tools for strengthening energy security and gaining time while we implement long-term strategies for reducing our dependence on external suppliers. There are some potential opportunities regarding Eastern Mediterranean (Cyprus, Egypt, and Israel) hydrocarbons, but this would not be a 'game changer' for Europe, unless, of course, there are substantial new discoveries. Iran, provided the *détente* process holds under the expected Trump offensive, would be a different story, because of its massive and largely unexploited deposits. There should be little doubt, however, that unless our policies are carefully designed, we may end up fuelling insecurity in our already tense and unstable neighbourhood, both in the East and in the South. Any policy based on a 'zero sum game' approach runs the risk of rapidly upsetting regional or local balances and pushing the 'losing side' to extreme reactions to maintain its 'market share' or at least to minimise its losses. Only policies that also take into account the interests of regional powers and the existing balances of power and offer cooperative solutions have a reasonable chance of success.

Is energy security for EU citizens or for companies and businesses in this sector? What could be a progressive and green energy security vision for the EU? What about alternatives such as biofuels, divestment, decentralised production and distribution grids, and buildings and transport energy efficiency?

THANOS DOKOS: It would be naïve to argue that companies and businesses in the energy sector care more about EU citizens than their own interests. This would go against the logic of capitalism and free market economy and in that context it would be unrealistic to expect companies to behave in a different manner. But this is precisely the responsibility and obligation of national and EU authorities and institutions: to regulate the markets and prevent companies from acting solely on the basis of their own narrowly-defined interests. Companies have heavily invested in 'traditional' forms of energy, and especially hydrocarbons. Even if the evolving situation regarding climate change and energy security is 'screaming' about the need to change and for a gradual transition to alternative fuels and increased energy efficiency, the general perception is that the current high cost of new forms of energy (as far as immediate costs are concerned, as opposed to the long-term economic, security and climate change-related benefits) and their other disadvantages may significantly delay the transition process. In addition, powerful vested interests in the hydrocarbon industry and the impact of inertia will be additional constraining factors. Only large scale mobilisation and coordinated pressure exerted by civil society across the EU may convince national governments and EU institutions to modify their policies in the desired direction. Increasing energy security is certainly a powerful incentive, but reducing the extent of climate change is even more important. However, because of the constraining factors mentioned above and because citizens also decide on the basis of the short-term costs and benefits for their pockets, this will be an up-hill battle for proponents of renewable sources of energy. But the prize is so important that it makes the effort absolutely worthwhile.

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