Mutual Dependence and Energy Security in the EU and Russia: Complex Interdependence in EU-Russia Energy Relations?

A master thesis by Paul Waardenburg

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Introduction

Russia-EU relations seem to have taken a turn for the worse since the crisis in Ukraine: Russia annexed the Crimea and as a reaction to this Russian show of force the EU put economic sanctions in place against Russia. The importance of Russian gas for both EU and Russian economies plays a significant role when considering EU-Russia relations. The EU depends for some thirty per cent of its energy needs on Russian gas. The Russian economy, on the other hand, depends on energy exports for some fifty per cent of its government’s revenues. This relation of mutual dependence is not a new phenomenon nor is it likely to change in the near future. Despite ambitious plans to cut back on the use of fossil fuels and diversify the supply, the EU will remain dependent on Russian gas imports for a large part of its energy needs. Also, Russia has no serious alternative to the European market for its energy exports, despite efforts to diversify energy exports East, toward Asia.

Looking at the current situation one can see relations between the EU and Russia have worsened, as tensions seem to have risen. Since the end of the Cold War the EU and Russia have had to deal with relations of mutual dependence as a result of their energy needs: Russia seeking a market for its resources and the EU seeking steady supply of energy imports. This raises questions. The main question raised is: how did the EU-Russia energy relation develop since the Cold War until recent conflicts? The second question raised is to what extent is the direct relation between the EU and Russia the only arena for energy policy? In other words, what is the role of bilateral relations between Russia and individual member states? One could go even further and ask which non-state actors play a role in these issues? For example, what role does Gazprom, Russia’s state led energy champion, play in the energy relations of the EU and Russia? Also, as the Ukrainian crisis continues, it is legitimate to question the role of military power in EU-Russia energy relations. It is hard to imagine that military power that dominated relations between the EU and Russia in the Cold War have suddenly stopped to play any role of significance since the beginning of the 1990s.

In this thesis these questions concerning EU-Russia relations will be discussed from an International Political Economy (IPE) view of international relations.
Theory

The focus of this thesis will be on the development of the EU-Russia relations in the field of energy since the end of the Cold War. These relations are based on a high degree of mutual dependence in the complex area of energy policy where international politics, economics and also security policy meet. Therefore, the theory used in this research is the theory of Complex Interdependence. In a situation of complex interdependence traditional assumptions of International Relations theory fall short. This shortcoming is a result of the focus on conflictual interstate relations of power politics and military capabilities. Rather, in Complex Interdependence theory, international relations are characterised by mutual economic dependence on different levels, not just the interstate level, leading to irrelevance of the use of force. The chosen timeframe is from the end of the Cold War up to recent developments because the end of the Cold War heralded the opening up of relations between Russia and the West and introduced Western European market policies to the Russian energy market. Accordingly, this period should be considered much more inductive to relations of complex interdependence.

In ‘Power and Interdependence’ Robert Keohane and Joseph Nye (1977) develop their theory of Complex Interdependence as an alternative explanation to Realism for explaining international relations. Their theory has three main components. First, international relations are influenced through multiple channels. Keohane and Nye differentiate interstate, transgovernmental, and transnational levels of international influence. Second, Keohane and Nye stress that there is an absence of hierarchy among issues. This is in contrast with traditional Realist theories of International Relations that claim that war and the preparation for war is a state’s most important task and all other state activities and policies are subsidiary to policies of war and peace. Third, related to the latter, when international relations are characterized by Complex Interdependence military force does not play a role of significance in these relations.

The structure of this thesis is as follows. In the first chapter Keohane and Nye’s theory of Complex Interdependence is laid out. Based on their theoretical assumptions the main hypothesis is formulated to test EU-Russia energy relations to their theory. The focus of the second chapter is on the first characteristic of Complex Interdependence theory: multiple channels. The roles of transgovernmental, trans-
national and interstate relations in EU-Russia energy relations are discussed to explore the extent to which relations through multiple channels play a significant role. In chapter three the second characteristic of the theory is considered. An absence of hierarchy among issues is presumed in relations of complex interdependence. The energy related issues of market, environment, efficiency, and security within EU-Russia energy relations are examined and a hierarchical structure among these issues is considered. The irrelevance of the use of force in relations of complex interdependence is the third and final characteristic of Complex Interdependence theory. In the fourth chapter the use of force in EU-Russia energy relations since the end of the Cold War is explored in order to ascertain whether the use of force has played a significant role. The conclusion combines the findings on the three different characteristics of the theory to answer the main question of this thesis: To what extent can EU-Russia energy relations, since the end of the Cold War, be characterized as relations of complex interdependence?
In his ‘The Old IPE and the New’ Robert O. Keohane calls to bring back the international and the transnational in IPE research (Keohane, 2009, p.39). Keohane criticizes contemporary research for accepting states as independent units. Furthermore, he calls for research into the volatility of energy markets and its political influence and effects (Keohane, 2009, p.41). This thesis is an attempt to test the assumptions of Complex Interdependence theory, as put forward by Keohane and Nye in Power and Interdependence (Keohane and Nye, 2012), in the energy relations between Russia and the EU since the end of the Cold War. It could be considered to heed Keohane’s criticism on the lack of inquiry into the interdependence of states as well as his request for more research into the political effects of energy markets from an IPE point of view.

Keohane and Nye developed their theory of complex interdependence in 1977 in their book ‘Power and Interdependence’ (Keohane and Nye, 2012). Interdependence is described as a state of world affairs that truly differs from the past. It describes situations characterized by reciprocal effects in transactions between countries or other actors in international relations (Keohane and Nye, 2012, p.7-8). In this situation of dependence states and other actors are mutually dependent on one another. Complex Interdependence highlights the emergence of transnational actors, the rise of international economic and trade relations, and the retreat of war as a useful policy in international affairs. This is reflected in the three main components of the theory.

First, Multiple Channels connect international society. Platforms of communication, individual relations, networks and other means of contact all potentially influence international relations. Where traditional theories consider interstate relations as the only relations or channels that matter on the international level, Keohane and Nye argue that international relations consist of a multitude of formal and informal ties (Keohane and Nye, 2012, p. 20). They discern three types of channels. Interstate relations apply to the relations between states as units. These are the types of relations traditional theories are mainly concerned with. Complex Interdependence theory challenges the centrality of interstate relations by emphasizing the importance of two other channels of influence in international relations. Transgovernmental relations are...
put forward to challenge the assumption that states are simply coherent units that act as single entities. The theory stresses the individual ties between governmental elites, bureaucrats, commissions and relations between states on different levels in different issues. Transnational relations are mentioned to demonstrate the influence of actors other than states. International organizations of all kinds can be considered international actors, for example, multinational cooperation’s that affect international relations (Keohane and Nye, 2012, p.20-21). These three types of international relations form the multiple channels of Complex Interdependence. When international relations are increasingly influenced through the channels of transgovernmental and transnational relations, curtailing the power of states to influence international policy through interstate relations, a situation of international relations is considered to adhere to the characteristic of multiple channels in Complex Interdependence theory.

Second, in a situation of complex interdependence the international agenda of issues is characterized by an absence of hierarchy among issues (Keohane and Nye, 2012, p. 20). An important aspect of this is the lack of dominance of military security on the international agenda. Other issues such as trade relations, economic and social policies, humanitarian issues and, of course, energy, are significant issues in the international field. These different issues are considered to be of equal importance in complex interdependence. In other words, an absence of hierarchy among issues on the international agenda is presumed. Issues are dealt with in shifting international coalitions between state and non-state actors alike. Furthermore, this absence of a hierarchy of issues blurs the distinction between what are considered foreign and domestic issues. As a result, the ability of states to pursue coherent foreign policies decreases. Moreover, an array of issues creates a multiplicity of interstate, transgovernmental and transnational coalitions further inhibiting states’ sovereignty over foreign policies. When there is no hierarchy among issues on the international agenda the degree of complex interdependence, in the second characteristic of the theory, can be considered high (Keohane and Nye, 2012 p.22-3).

Finally, and related, in a world of complex interdependence military force plays a minor role. Within the region or on the issues where complex interdependence prevails, considerations of military security are non-existent. According to the authors a feeling of military security prevails among industrialized, pluralist countries. The use of military force among them is perceived as unimaginable. Furthermore, force is not considered an appropriate tool in many policy fields and replaced by multilateral
cooperation and mutual trust (Keohane and Nye, 2012, p.22-24). Also, the use of linkage strategies would diminish as a result of the absence of the use of force among states. This is to say, powerful states would no longer be able to link issues of non-security to their military superiority. As a result, weaker states relatively gain in power (Keohane and Nye, 2012, p. 25). According to the third characteristic of the theory, the use and usability of force in a certain policy area can be considered as an indicator for the level of complex interdependence in that area.

In the following three chapters the three components of Complex Interdependence theory are consecutively considered as indicators of the level of complex interdependence of the EU-Russia energy relations since the end of the Cold War.

End of the Cold War
Although developed as an ideal type, complex interdependence gained ground with proponents of the neoliberal perspective in International Relations. Since the end of the Cold War the dominance of economics in international relations, the rise of international organizations and coalitions is said to reflect the situation Keohane and Nye sketched with their theory of complex interdependence (Rana, 2015, p.219). Among neoliberals complex interdependence became a central component of policy analyses. To some, complex interdependence theory predicted the process of globalization. According to Keohane and Nye themselves a relation of complex interdependence has spread to the former Soviet Union and especially to the newly democratic Eastern European countries since the end of the Cold War (Keohane and Nye, 2012, p.241). This assertion of a world, or at least a Western world, becoming increasingly interdependent and moving toward the ideal type of complex interdependence since the end of the Cold War, is worth examining. It is also the reason for the chosen timeframe in this thesis.

Method
Keohane and Nye introduced their theory as an ideal type. They developed the theory to describe the state of international affairs in terms of a degree of complex interdependence (Keohane, 2009, p.35-36). That is not to say their theory is not developed in order to stipulate how the world should be. Rather, complex interdependence is put forward as a state of affairs that in some cases best describes the actual world.
In that sense one could determine the state of affairs in a certain policy area in international relations as being close to, or far away, from the ideal type of complete complex interdependence. In this thesis the three main components of the theory are tested for the energy relations between the EU and Russia since the Cold War. For each component it is determined how close they are to the description of the ideal type of complex interdependence in order to ultimately determine whether EU-Russia energy relations, since the Cold War, can be characterised as complex interdependence.

Hypotheses
For the three components individually, and for the overall research question, the following assumptions are held:

Main Hypothesis: EU-Russia energy relations since the end of the Cold war can best be described as a situation of Complex Interdependence.

In order to test the main hypothesis the following three hypotheses, linked to the three characteristics of Complex Interdependence theory, are tested in the chapters below:

Hypothesis 1: In EU-Russia energy relations Multiple Channels of influence are presumed to exist in the relations within the EU and, more important, between the EU and Russia. For example, the roadmap for EU-Russian energy cooperation (EC 2013) implies cooperation on different fields. The power and influence of Gazprom in EU-Russia energy relations implies the importance of transnational actors in the issue area (BBC 2015).

Hypothesis 2: A lack of hierarchy among energy issues in EU-Russia relations is presumed. The existence of the ‘Four Common Spaces of Cooperation’ between the EU and Russia suggests cooperation on equal issues of economy, freedom and security, justice, and research, education and culture (ec.europa.eu).

Hypothesis 3: Military force does not play a role of significance in EU-Russia energy relations. Since the end of the Cold War there have not been occurrences of the direct use of force between the EU and Russia.

In sum, a simple addition of the outcomes on the three hypotheses will provide an answer to the main question of whether EU-Russia energy relations, since the end of the Cold War, can be described according to the characteristics of Keohane and Nye’s theory of Complex Interdependence.
Hypothesis 1: In EU-Russia energy relations

Multiple Channels of influence are presumed to exist in the relations within the EU and, more importantly, between the EU and Russia.

Introduction

The first of the three major characteristics of Complex Interdependence theory under consideration is Multiple Channels. Essentially, Keohane and Nye argue that traditional International Relations theorists wrongfully focus solely on interstate relations. Rather, theorists should consider multiple channels of influence connecting societies. Alongside the classic interstate relations Keohane and Nye propose the use of two more channels of influence: transgovernmental and transnational relations. Among transgovernmental relations are informal ties between government elites and relations between national bureaucracies on certain issues. Transnational relations consider the influence on policy by Non Governmental Organizations (NGOs), multinational Cooperations and domestic groups (Keohane and Nye, 2012, p.28).

In order for the first hypothesis to be confirmed, a multitude of actors is expected to influence EU-Russia energy relations through different channels, rather than merely states dominating energy relations through interstate relations. First, transgovernmental relations between EU member states are considered. These findings will then be compared to the degree of transgovernmental relations between the EU and Russia. The second part of this chapter will review transnational relations and will therefore focus mainly on Gazprom and its EU counterparts. Third, the importance of interstate relations in EU-Russia energy relations will be reviewed. The chapter concludes with an answer to the question: to what extent is the multiple channels characteristic appropriate to describe EU-Russia energy relations since the end of the cold war? Consequently, the first hypothesis will be confirmed or falsified.

2.1 Transgovernmental relations

In their 1974 essay ‘Transgovernmental Relations and International Organizations’ Keohane and Nye define transgovernmental relations as sets of direct interactions among sub-units of different governments that are not controlled or closely guided by
the policies of the cabinets or the chief executives of those governments” (Keohane and Nye, 1974, p43). They focus on cooperation between sub state units. International organizations are seen as important facilitators of these cooperative behaviours (Keohane and Nye, 1974, p.55). The proposed interplay between transgovernmental relations and international organizations is a key point in their argument (Eberlein and Newman, 2008). Therefore this paragraph will focus on international organisations in the field of energy policy. Referring back to the theories’ author’s definition of transgovernmental relations the question asked is: to what extent do sub state units determine the policy-outcomes independently from chief executives of their respective governments?

EU

If it is the case that international organizations are indeed facilitators to the origination and growth of transgovernmentalism, the EU should be a case in point. The EU can be regarded as a best practice example of transgovernmental relations as intended by Keohane and Nye and can be employed to compare external relations to this standard (Romanova, 2014, p. 3). Therefore it is important to consider inter-EU transgovernmental relations in energy policy before discussing the EU-Russian transgovernmental relations. Indeed, transgovernmentalism is a founding principle of the EU (Tsebelis and Garrett, 2001, p. 357) and a formally integrated part of its legal framework (Eberlein and Newman, 2008, p. 30). Effective governance through the EU’s institutions relies on horizontal networks of sub state actors. These networks consist of organizations, courts, regulators or sub state governmental actors. This transgovernmental mode of governance is seen as an effective alternative to sometimes difficult and inflexible decisions and policymaking through interstate relations (Eberlein and Newman, 2008, p. 26-7). Clearly, transgovernmental relations as defined by Keohane and Nye do not only play an important informal role in the EU, but these transgovernmental relations form a constitutive part of the EU’s institutions. However, governance in the EU differs for each policy field. Especially when a policy area is considered politicized, member states’ governments are more reluctant to allow policy making through transgovernmental networks of sub state actors (Eberlein and Newman, 2008, p. 35). This begs for the question of how much a potentially highly politicized sector, such as the EU’s energy sector (Stefanova, 2015, p.25), is governed through transgovernmental relations.
Eberlein and Newman (2008) researched the emergence and effectiveness of transgovernmental governance in two different EU policy fields: data privacy and energy. They argue that the EU is not just an international organization that facilitates transgovernmental relations as intended by Keohane and Nye, but has the capacity to go beyond the role of facilitator by initiating and constructing these transgovernmental networks (Eberlein and Newman, 2008, p. 35). On intergovernmental relations in the field of data privacy Eberlein and Newman conclude that because of the cross-border properties of data, the policy field has a high level of transgovernmental governance. For the energy sector, however, their conclusions are different. The highly politicized and securitized nature of energy policy in Europe suggests that governments are unlikely to delegate governance to the sub state level, hampering the possibilities for transgovernmental relations in this field (Eberlein and Grande, 2005, p. 104). Nonetheless, Eberlein and Newman find that the European energy sector has undergone important changes since the early 1990s. The European energy sector developed from a fragmented field of national monopolies through privatization and liberalization. Thereby creating more opportunity for transgovernmental governance through enhancing opportunities for cooperation. The European Commission played an important role in these developments through the electricity and gas directives of 2003. These directives directly created governance through networks of sub state actors in the form of regulative bodies (Eberlein and Newman, 2008, p. 41-1). In this sense the third energy package, consisting of electricity and natural gas directives (2009/72 EC, 2009/73 EC), furthers the liberalization of the energy market in aiming at the creation of an internal market for energy and promoting networks within this internal market (Stefanova, 2012, p. 62). Eberlein and Newman conclude by acknowledging an emerging transgovernmental structure in EU energy policy, despite the politicized nature of the policy area. However, they curb expectations stating: “The politically sensitive, redistributive character of an issue area limits the extent of domestic delegation of authority.” (Eberlein and Newman, 2008, p.44). That is to say, member states are reluctant to give up sovereignty over economically sensitive policy areas such as energy. In sum, energy relations are not naturally the most suited to be governed through transgovernmental relations. Politicization and securitization limit possibilities for governance through transgovernmental relations. On the other hand, the EU seems inductive to transgovernmental relations just like Keohane and Nye suggested
international organizations could be. Moreover, through its energy packages, the European Commission initiates and explicitly facilitates such forms of governance (EC 2009/72, EC 2009/73). It can be concluded that, since the first energy directive of 1996, energy policy of the EU has moved increasingly toward an internal energy market characterized by governance through transgovernmental relations. Within the EU transgovernmental relations seem to have recently started to play a role in energy policy. More important to the hypothesis, however, is whether transgovernmental relations play a role in the energy relations between Russia and the EU as a whole. Above, the importance of international organizations for transgovernmental relations was considered. Therefore, this section will reflect on transgovernmental relations through scrutiny of international organizations in the field EU-Russian energy policy.

*Energy Charter Treaty*

The first international energy organization, with the potential to function as a context for transgovernmental relations, is the International Energy Charter Treaty (ECT). The ECT is a multilateral instrument created in the early 1990s. Its founders felt the end of the Cold War provided the right political momentum to overcome economic differences and to create a basis for European cooperation in the energy sector. In a world of increasing interdependence between suppliers and users of energy, the charter intends to provide a legal basis for an open international energy market (Energy Charter Treaty, article 2). The ECT is part of a move toward liberalization and integration of international energy markets reflective of EU energy market liberalization in the 1990s (Konoplyanik and Wälde, 2006, p. 556; Smeenk, 2010, p. 162). With this description the ECT sounds like a perfectly suitable international organization to promote transgovernmental relations in the field of energy between the EU and Russia. Moreover, the ECT actively promotes transgovernmental cooperation through its Strategy Group established in 2009 (Ramanova, 2014, p.3). However, Russia signed the treaty in 1994 but failed to ratify the treaty. It remained active as a participant applying only provisionally those rules of the treaty it deemed consistent with Russian laws. In 2009 Russia completely quit participation in the ECT (www.encharter.org).

What happened? How did the relationship between Russia and the ECT evolve since the end of the Cold War? Russian domestic political orientation changed during this period. In the 1990s it ratified the ECT when it was a newly liberalizing state aimed at
international market integration. In the new millennium Russian policy shifted toward state-centric capitalism, giving it reason to oppose the ECT from a fear of infringement on its sovereignty (Ramanova, 2014, p. 4). Russian rejection of third party access to its energy infrastructure can be seen as the main reason for its withdrawal from the ECT (Locatelli and Rossiaud, 2012, p. 12). Third party access is an important aspect of the EU’s third energy package and one of its main liberalization policies (Europa.eu EC memo/11/125). By withdrawing form the ECT Russia seems to have closed an important channel for transgovernmental relations. Thus, despite its institutional intentions, it cannot be said that the ECT facilitated any significant emergence of transgovernmental relations in EU-Russia energy relations.

Energy Dialogue
On October 30th 2000 the EU-Russia Energy Dialogue (ED) was established at the EU-Russia Summit in Paris. It aimed at progress in EU-Russia energy cooperation. It was a first sectoral dialogue with Russia (ec.europa.eu). The ED was developed to bridge the gap that was created by the non-ratification of the ECT by Russia. Through the institution of different working groups, administrations, and secretariats inhabited by both EU and Russian officials, transgovernmental relations gradually emerged on a sub state level in EU-Russia energy relations, at least for the time being. These were designed to depoliticize energy (Ramanova, 2014, p.4). However, possibilities for transgovernmental relations to be of importance in the Energy Dialogue are limited as a result of different policy preferences in Russia and in the EU. Russia eschews delegation of authority to sub state actors and its great power ambition hampers cooperation at the transgovernmental level. On the other hand, the EU’s tendency to export its own institutional design and legal framework can limit the willingness of Russia to cooperate (Ramanova, 2014, p. 9). Another obstacle to transgovernmental cooperation is the inclination of both Russia and individual member states to pursue bilateral cooperation in energy policy (Smeenk, 2010, p. 173; Milov, 2006, p. 5). This preference for bilateral cooperation between Russia and individual member states will be discussed at length in the following section on interstate relations.

Roadmap
The Roadmap to EU-Energy cooperation until 2050 is “a long-term perspective” on cooperation (Roadmap, p. 1). As such, the Roadmap cannot be characterized as an
international organization comparable to the ECT discussed above. The Roadmap aims to achieve a pan-European Energy Space by 2050. It should stimulate open, competitive markets, albeit through the “gradual approximation of rules”. Moreover the Roadmap explicitly stresses the contracting parties sovereign status (Roadmap, p. 1-4). The Roadmap is a result of one of the transgovernmental working groups in the ED (Ramanova 2014, p.7). Hence, the Roadmap can be seen as a result of transgovernmental relations within the framework of the ED rather than an international organization promoting transgovernmental relations. The Roadmap explicitly recognizes the interdependent nature of the energy relationships between Russia and the EU (Roadmap, p.1). However, the Roadmap hardly seems the stage for the promotion of comprehensive transgovernmental cooperation in EU-Russia energy relations as its long-term perspective seems too far away from the current political reality of diverging interests of the EU and Russia.

To answer the question raised at the beginning of this section: to what extent do substate units determine the policy-outcomes independently from chief executives of their respective governments? Not surprisingly the answers differ greatly for our discussion of transgovernmental relations within the EU and those between the EU and Russia. As the first section showed EU energy policy since the 1990s has moved toward more transgovernmental relations despite the politicized character of energy relations. Transgovernmental networks are promoted through the privatization and liberalization policies of the EU. For relations between the EU and Russia the conclusions are different. International organizations governing EU-Russia energy relations do not seem to sufficiently foster transgovernmental relations as a result of differences in perspectives, especially since the 2000s when Russia adopted state-centric capitalism in contrast to a more liberal oriented Russia in the aftermath of the Cold War. This Russian policy reorientation seems badly compatible with the EUs focus on liberal market powers that are proven to be conductive to the formation of transgovernmental relations. We must therefore conclude that the first channel of the Multiple Channel Characteristic of Complex Interdependence Theory is barely reflected in EU-Russia energy relations. Rather, energy policy between the EU and Russia seem too politicized and securitized, and a fundamental difference in policy preference also hampers effective transgovernmental relations.
§ 2.2 Transnational relations

Transnational relations, according to Keohane and Nye, matter when we leave the notion of states being the only actors of importance in international relations. When discussing transnational relations Keohane and Nye mention trade unions and NGO’s, but their focus is mainly on Multinational Corporations (MNC’s) and banks that are not under firm control of their national government. These international actors have the power and ability to profoundly influence international politics as well as foreign and domestic economic policy, thereby interconnecting states and crossing international borders increasing interdependence in International Relations (Keohane and Nye, 2012, p.21). The rising importance, growing number and proliferating globalisation of MNC’s in Europe since the end of the second World War is undisputed (Huntington, 1973, p. 334). However, for the multiple channels characteristic of Complex Interdependence to hold up we have to look not only to the growing number and influence of MNC’s. For transnational relations, as described by the authors of Complex Interdependence theory, to play a role of importance these MNC’s should be able to act relatively independent from national authorities. Therefore, this section will look at MNC’s in the form of energy companies within the EU and Russia and critically determine their independence from government control in determining energy policy outcomes. Keeping in line with the previous section transnational relations within the EU will be discussed first followed by transnational relations between the EU and Russia.

**EU**

EU member states have undergone an impressive process of liberalization and privatization since the 1980s. (Stagnaro, 2014, 238). In the early 1990s, this liberalization and privatization wave was ready to spread to the European energy sector. Many member states followed the initiative of England that served as a forerunner in the European liberalization of the energy market and the subsequent privatisation of energy companies (Stagnaro, 2014, 240). Conservative governments in England in the 1980s and 1990s sought to create a market economy and a roll-back of the state to enhance effectiveness in the economy (Moran, 2001, p. 21). Liberalization and privatization of the energy market was a logical next step in that process. Consensus on the benefits of liberalization and privatisation of energy markets grew and led to several liberalization-measures through the EC in the so-
called energy packages. At that time the EU’s energy market was dominated by member states’ national monopolies. Through the EC several market-liberalizing measures were taken to promote competition in the energy sector. Most importantly, network operators were forced to allow third party access to the electricity and gas networks and the supply side of the energy market was opened up. Furthermore state aid to energy companies was to be minimized (EC.europa.eu). This made member states’ energy markets accessible to foreign energy companies and so opened up the liberalized EU energy market to transnational energy companies. This process should mean more transnational relations as described by Keohane and Nye.

However, far from the intended roll-back of the state, the liberalization and privatization in the EU market led to the proliferation of national regulatory systems referred to by Moran (Moran, 2011) as a “regulatory boom”. Energy markets have been no exception. Member states have been extremely cautious with leaving commodities previously provided for by the national governments up to the market. Many of these commodities, including energy, are fundamental to everyday life. This is the reason national governments strive to keep a firm grip on the newly privatised companies and external companies that are now allowed to compete in the markets for these commodities (Moran, 2001, p. 27). Through strong regulatory systems the state, although not directly responsible for providing energy, remains responsible for energy security in the form of a regulatory system regulating the liberalised energy market (Eberlein and Grande, 2005, p. 90). The privatization of a sector often goes hand in hand with the liberalization of said sector and the subsequent regulation of the sector. However, a process of liberalization cannot be considered to have succeeded if there is not at least some reduction of government control of the sector (Stagnaro, 2014, p.245). In general and especially in the case of their energy markets, member states have been very restrained in loosening control of privatised sectors. Moreover, liberalization and privatization in the EU’s energy market have had the adverse effect of increasing governmental rules and stronger state regulation, increasing the firm grip on energy markets by national governments. This is partly due to the fact that liberalization of economically vital sectors at EU level is met with strong regulatory frameworks at the member states national level (Eberlein and Grande, 2005, p. 95). It can be said that member states energy policies are deemed too political and vital to national security to be outsourced.
Has this EU process of liberalization and privatization of the energy market led to an increased influence of transnational relations in the form of energy multinationals? It seems unlikely. That is to say, the process of opening member states’ energy markets has been met by the creation of national regulatory frameworks largely offsetting the liberalization effect, even strengthening national grip on energy markets (Eberlein and Grande, 2005, p. 90). Thus, even with the proliferation of the number of energy companies active in member states’ energy market, their opportunities to influence energy policies independently from national governments can hardly be seen to have increased. Furthermore, the privatisation of energy companies and the liberalization of the national energy markets seem hardly to have been fully implemented. Most member states have only partially privatised their former national energy companies retaining a controlling stake. The liberalization of the EU energy market that started in England in the 1990s seems to have stalled in recent years (Stagnaro, 2014, p. 250; Smeenk, 2010, p.45). Numerous actions by the EC to combat member state interference with former national energy companies further prove this point. The reason given for member states’ reluctance to fully privatize former national energy companies is often the strategic interest of the state in the energy sector. This illustrates again the politicized and securitized nature of energy policy. However, member states are also concerned with the uneven pace of privatization and liberalization among member states. Member states are reluctant to move to full privatization of national energy companies in fear of take-over and acquisition by other member states’ state-owned energy companies (OECD, 2013, p. 110). One would associate such behaviour more with interstate competition than with growing influence of transnational companies in the EU’s energy sector.

At first sight one would expect the process of liberalization and privatization in the EU’s energy sector to be greatly conductive to the spread of transnational relations. In particular in the form of independent energy companies gaining influence in EU energy policies through the power of an opened up market and newly privately owned companies dominating the EU energy game. Yet, as was shown above the picture is much more nuanced. After the consensus on the benefits of liberalization and privatisation in the energy sector spread from England to other member states real progress seems to have stalled. The process has lead to semi-privatisation at the most in most member states. The strategic importance of the energy sector to the economy is often mentioned as a reason for this reluctance to privatize but fear of falling behind
in an uneven process of liberalization and privatization seems to play a big role as well. Furthermore, even where privatization and liberalization have been more successful member states seem to keep a firm grip on energy companies through extensive regulation, sometimes leading to even stronger government control compared to pre-liberalization. International energy companies seem hardly able to escape the grip of their government. In sum, transnational relations as described by Keohane and Nye, where multinational companies determine policy outcomes, seem not to influence the EU energy sector so strongly. Even within the EU, an example for internal free trade, the energy sector seems too politicized and securitized for transnational relations to play a role of significance. Rather, member states’ national governments seem determined to keep firm control of their national energy market and their (former) national energy companies. These interstate dynamics between member states will be discussed in the third paragraph of this chapter. First, we will look at the role of transnational relations between Russia and the EU.

Russia
This section on relations through the transnational channel in EU-Russia energy relations will focus mainly on Gazprom. Gazprom plays a pivotal role in EU-Russia energy relations as a result of its position as the world’s largest Gas producer (Belyi and Goldthau, 2015, p. 1), Russia’s biggest company (BBC.co.uk), its monopoly on gas exports to the EU (Smeenk, 2010, p.175), and its status as a state-owned energy company (Gazprom.com). This last qualification is especially important in determining the role transnational relations play in EU-Russia energy relations as we look at the importance of large energy corporations and their ability to act independently from national government. As a former Soviet ministry (Åslund, 2013, p. 324) and currently one of the world largest energy companies Gazprom has gone through a remarkable development since the end of the Cold War. Liberalization and subsequent reaffirmation of control by the Russian government characterize the development of the Russian economy in this period and the Russian energy sector is more example than exception. After the end of the Cold War and the break up of the Soviet Union capitalist market ideas from the west were implemented in Russia that lead to major changes in the economy. However, conflicts of interest and lack of coherent policy caused delays and mixed results in different sectors during the first years (Smeenk, 2010, p. 129). In the energy
sector the former national oil monopoly was broken up into several privatized oil companies. The so-called ‘Shock therapy’ for the Russian economy, referring to swift reforms to liberalize the Russian economy and privatise many state assets, was thus successfully implemented in the oil industry. Already in the years of President Gorbachev’s ‘perestroika’ policy Gazprom was created as state company replacing the Soviet ministry of Gas Distribution. Thereby preceding more profound institutional changes in the Russian energy market in the 1990s (Victor, 2007, p. 45).

From 1992 major state oil companies came under control of oligarchs in a comprehensive ‘loans for shares’ program’. As the name suggests rich oligarchs acquired large parts of big enterprises in exchange for money loans to the Russian government. Gazprom was excluded from this program due to political lobbying (Smeenk, 2010, p. 131). From 1994 however, Gazprom too was subject to a privatisation program. The main profiteers of Gazprom’s privatization where Gazprom employees, ex-government officials of the former Soviet ministry that Gazprom was born out of. The Russian state retained majority ownership of the company (Åslund, 2013, 324). The loans for shares program marks the beginning of privatization of the Russian energy market where large parts of the state oil companies came in the hands of not only the Russian oligarchs but also some bits came in the hands of Western energy companies. Russian restrictions on foreign ownership curbed Western companies from attaining large energy interests however (Smeenk, 20120, p.132). Gazprom became more a part of Russian privatizing efforts when former Soviet Minister of Gas industry Viktor Tsjernomyrdin was no longer Prime Minister in 1998. In that year Gazprom became a joint stock company with even German energy enterprise Ruhrgas gaining a 2,5% interest. During these years Gazprom arranged strategic alliances with EU energy companies such as Ruhrgas, Dutch Royal Shell and Spanish ENI (Smeenk, 2010, p.134-5). In 2003 British Petroleum (BP) acquired ownership of half of Tyumenskaya Neftyanaya Kompaniya (TNK) a major Russian oil company. As became clear later, this BP investment marked the peak of the liberalization and privatization agenda in Russia. These ties to western energy companies suggest transnational energy relations started to play a role in Russia’s transformation to a market economy. After these years of what Åslund refers to as the liberal-oligarchical model, the Russian state regained its control over the energy sector from 2000 onwards in a policy of state-capitalism (Åslund, 2013, p. 324-5).
In 2000 Vladimir Putin became Russian president for the first time. As a result of the developments in the Russian energy sector in the 1990s he found the Russian energy sector partly privatized and liberalized, much to his administrations dislike (Victor, 2007, p. 50). Putin wrote his Phd. thesis on a strategy for Russia to regain great power status through the use of its national resource endowments. In it he makes a case for the monopolization of Russian natural resources as a means to enhance Russia’s international geopolitical and economic power (Kuzemko, 2012, p.49). It is no surprise then, that Putin’s rise in power coincides with a reversal of liberalization and privatization policies of the 1990s and consolidation of Kremlin control over the Russian energy sector.

Putin’s administration went to work on realising his vision. Political appointments and ministerial reorganizations were pushed through in an effort to put an end to the power positions that oligarchs obtained during the privatizations of the 1990s. The new Ministry of Industry and Energy came under direct control of the Russian presidency. Already in 2000 Gazprom was targeted to come back under tight control of the Kremlin. Dimitry Medvedev, one of Putin’s important confidants, replaced former Soviet minister Chernomyrdin as second in command of the company. By 2004 almost all of the former management committee were replaced by Kremlin-friendly elites. Aleksei Miller was put at the head of Gazprom who remains there today (Victor, 2007, p. 50). In the case of the Russian oil companies oligarchs who came up during the 1990s were persecuted by the Kremlin starting with the arrest of Mikhail Khodorkovsky, the head of Yukos, a Russian oil company, in 2003. Planned privatization of state oil companies were shelved and privatized oil companies were regained by the Russian state through confiscation of assets, legal acquirements and bullying of private oil companies through disproportional tax measures (Åslund, 2013, p. 25). Gazprom became an instrument used by the Kremlin to expand its control of the oil market and for the centralization of the energy market in general through its acquisitions and mergers with private assets of oil companies including Sibneft in 2005. In effect, the Kremlin used Gazprom as an instrument of re-nationalization (Victor, 2007, p.51). In the liberal model of the 1990s state and private ownership of energy companies was sought after. With Putin’s state capitalism, governmental control of the energy companies is the main goal (Åslund, 2013, p. 324). As we saw in the previous section the liberalization policies were never pushed through in the gas sector quite as far in the oil sector, making Gazprom easier to rein
in and a prime example of the new state-centric policies of the Putin administration. The use of Gazprom as a tool for re-nationalization confirms Gazprom’s central role in the consolidation of the Kremlin’s power over the energy sector since Putin’s rise to power.

While during the opening of the Russian market in the 1990s some foreign energy companies where able to operate in the Russian energy market, under Putin the legal framework has been changed. Liberalization legislation were reversed making it harder overall for international energy companies to operate in Russia (Victor, 2007 p. 53). The legal attacks on business interests of both Shell and BP after the Yukos affair are examples of aggressive Kremlin tactics in regaining energy assets and deterring foreign investments (Locatelli and Rossiaud, 2012, p. 6). This effect is strengthened by the reinforcement of the Russian state monopoly over energy infrastructure. Thereby infringing upon both domestic and foreign property rights and discouraging future foreign investment (Åslund, 2013, p. 324).

It can be concluded that since a change of government in the new millennium piecemeal liberalization and privatization in the Russian energy market have been reversed. Kremlin control over energy companies, with Gazprom as a prime example, has been strengthened as part of an efficient state-centric energy policy championed by president Putin. Where during the 1990s the potential for transnational relations with Russia were growing through privatization and access to the Russian energy market for foreign companies, the reversal of this process has diminished the likeliness of transnational relations in the Russian energy field through relations between independent international corporations. Since Putin’s rise to power the Russian government has clearly followed a state-centric approach thereby obstructing transnational companies from playing a role of importance in the energy field independently from state government. As is made clear in the next paragraph Putin’s administration prefers state-centric bilateral relations in the international energy field rather than transnational cooperation between independent energy companies.

As we have seen above in the immediate aftermath of the Cold War the EU and Russia followed a similar path of liberalization and privatization in the energy sector. That is to say, in the 1990s Russia opened its market and in a process of so-called shock therapy Western ideas of liberalization, privatization and free-market power were implemented in the Russian energy sector. At the same time in the EU liberalization and privatization policies spread to the energy sector. For the EU too
this can be seen as an institutional shock as up until this time energy has always remained a policy-field left to the discretion of the individual member states (Locatelli and Rossiaud, 2012, p.12). As will later become clear it remains the question if power has truly shifted from the member states to a centralized EU policy. As became clear in the previous section, Russian energy policy has gone through another major shift since the rise to power of president Putin. He made re-nationalization of the energy sector a main policy goal. How do these different policy preferences, progressing liberalization in the EU and re-nationalization in Russia, affect transnational relations between the EU and Russia?

The EU tries to get the Russian government to adopt what according to the EU are economically sound policies. In this way the EU tries to establish more transparency of the Russian energy sector. The Russian government and Gazprom alike have resisted such reforms fiercely, dismissing any form of adoption of EU policy (Kuzemko et al., 2012, p. 160). This is understandable as these liberalization measures go directly against current Russian policy preferences. Within the EU Gazprom is being forced to apply EU liberalization measures that stem from the EU’s third energy package. In particular, Gazprom will have to allow third party access to its pipeline infrastructure and is not allowed to forbid the reselling of its gas sold to energy companies in the EU (www.ec.eu). Even within the EU however, Gazprom is not prone to follow liberalized market policies. This is illustrated by the fact that the EC recently sent a Statement of Objections, a sort of EU-indictment, to Gazprom for not adhering to EU energy competition rules (www.europa.eu). In Russia the ‘law on foreign investments in strategic sectors’ restricts foreign activity in sectors regulated by the Russian state (Kuzemko et al., 2012, p. 157). The energy sector is an obvious example of such a sector. However, due to a lack of technical expertise cooperation with Western energy companies is vital to the further development of the Russian energy sector and such cooperation is taking place. The cooperation between Gazprom and Total is an example as the deal results from the Russian need for offshore expertise. Another example is a deal between BP and Rosneft. However, the Kremlin does not make entrance to the Russian market for international energy companies easy. When such entrance is granted it is always in light of cooperative agreements with Russian state companies (Kuzemko et al., 164).

As was noted above, transnational relations between Russia and the EU are heavily politicized and securitized. Although EU policies seem to favour far-reaching
liberalization and privatization policies in the energy sector, member states are reluctant to hand over power of their energy policies to the EU level (Eberlein and Grande, 2005, p. 95). Furthermore, the free-market effects of liberalization and privatization policies have partly been offset by a dramatic increase in state-regulation in the member states. It can be said that direct state control has been replaced by regulatory control of the former state monopolies. In the case of Russia, Putin’s fierce re-nationalization of the energy sector has made Gazprom into a state-company acting as a direct political instrument of the Kremlin, even through the ownership of big enterprises in politically sensitive sectors such as television and news media (Victor, 2007, p. 7). Gazprom remains certain features of its former function as a Soviet ministry such as a lack of transparency and tight control of information of the Russian energy sector (Victor, 2007, p. 29). Russian policies toward foreign investments in the energy sector are very restrictive diminishing the importance of transnational relations in the energy sector. At the beginning of this paragraph it was said that in order to measure transnational relations within EU-Russian energy relations the opportunities for MNC’s to play a role of importance relatively independent from national authorities would be scrutinized. To conclude, liberalization policies within the EU energy policy that should allow for more opportunities are at least in part offset by strong national regulatory control and reluctance of member states to really transfer power to the EU level in the field of energy. In the case of Russia, a wave of post Cold War liberalization has been largely undone since Putin came to power. Under his rein the Kremlin tightened its grip on the economy and re-nationalized the energy sector. As a result any transnational relations between Russia and the EU take place between EU companies under strict regulatory control of their national governments and Russian state-companies. It is not hard to see that there does not seem to be much room for energy companies to play a role of importance in the EU-Russia energy field relatively free from national authorities. The transnational channel from the multiple channel argument of Complex Interdependence thus does not seem to play a large role in EU-Russia energy relations from the 1990s.

§ 2.3 Interstate relations
According to Keohane and Nye, in a situation of complex interdependence multiple forms of international relations through multiple channels will blur the distinction
between domestic and international politics. The prevalence of relations through the transgovernmental and the transnational channels limit the state’s ability to act out consistent strategies and policies. Furthermore, the assumption that states act in their own interest is toned down under complex interdependence as the authors state that the self and the interest of the state become fluid concepts (Keohane and Nye, 2012, p. 28-9). In this paragraph these characteristics of Complex Interdependence theory will be discussed in the light of interstate relations among member states within an EU context and secondly, among EU member states and Russia.

EU

As was noted earlier, the EU tries to create a common energy market through EC directives known as the energy packages. Since the Lisbon treaty of 2007 EU institutions have legislative competence in energy policies. The main objective of the EU is creating an internal market for energy. This makes sense, as the internal market is the EUs main reason of existence. Its main instrument for creating this market is the third energy package of 2009 (Strunz, 2014, p. 5). However, the results on important objectives for completing this internal market still leave much to be desired. Progress on the linkage of member states energy markets and the implementation of harmonized rules for the electricity infrastructure are lagging behind. Also, government intervention in energy markets is still common practice (EC, 2014). Member states seem unwilling to transpose power over their individual energy markets and policies to the EU level. They feel giving up their energy sovereignty would infringe on national policy preferences concerning the security of supply of energy (Strunz, 2014, p.7).

Thus, the EU’s internal energy market has yet to become a reality. Member states are anxious to give up sovereignty in the field of energy. How then does the EU give shape to its energy policies externally? A strong unified external performance would enhance the energy security of the EU as a whole and increases the EU’s power in a geopolitical context (Biresselioglu, 2011, p. 91). In its external energy policy the EU aims to spread its liberal free market policies and the legislation that come with it. In fact, it can be said the EU attempts to spread European legislation of the third energy package to its external trade partners. In the case of Russia the EU tried to impose its liberalization policies through the Energy Charter and other transgovernmental paths. As we have seen however this approach has been anything but fruitful as Russia
failed to ratify the Energy Charter criticizing exactly those elements of the Charter that are characteristic to EU energy liberalization policies (Westphal, 2006, p. 54). Hopes of a comprehensive strategic energy partnership between the EU and Russia have diminished (Umbach, 2009, p. 1236) The failure of a coherent EU approach toward Russia is also a result of the preference of in particular the larger member states to deal with Russia through exclusive bilateral energy deals. Examples are the Nord Stream pipeline for the transport of Russian gas to Germany (Westphal, 2006, p. 56), or the Dutch-Russian deal between Gasunie and Gazprom in 1999, securing supply of Russian gas to the Netherlands for 20 years (Eurussia Forum, 2008). This despite pleas from the EC for solidarity with Eastern member states who are more exclusively dependent on Russian energy exports (Tekin and Williams, 2010, p. 102-3). Namely, the North Stream pipeline undercuts Eastern European members states position as transit countries reducing their position vis à vis Russia in energy politics, creating conflict between transit and receiver member states (Eberlein and Grande, 2005, p. 104).

Russia
Russia pursues an international energy policy that is a direct opposite of the EU’s energy policy. Although initially policies of liberalization, privatization, and opening up of the markets were implemented in the immediate aftermath of the Cold War, with the rise to power of president Putin since 2000 started a process of renationalization and monopolization of National energy resources. The energy policies of Putin’s Kremlin aim to use Russian energy resources, state energy companies, and energy infrastructure monopolies as political instruments to enhance its economic position internationally. This strategy is referred to as ‘resource nationalism’ (Umbach, 2009, p. 1229). In short, the Russian strategy as put forward by the Putin administration entails the strict control over energy resources by the state in order to achieve international economic power. This difference from the EU in policy preference stems not only from Russia’s current government’s strategy but also from its natural resource endowments. As an energy exporting state Russia has profoundly different interests than the EU, which is its main energy export market. As an energy exporter Russia seeks to balance plentiful cheap energy for domestic use with maximizing profit on its energy exports (Kuzemko et al., 2012, p. 152). This can be described as a twofold strategy to enhance its international competitiveness. Russia
seeks a strategy that is more suited to its natural endowment rather than copying Western policies of liberalization (Locatelli, 2012, p.2). Clearly, Russia’s energy strategy is not in line with liberalization policies as desired by the EU. As a result, the Russian government and state energy companies have refused any proposals to introduce EU-like liberalization measures into the Russian energy market (Kuzemko et al., 2012, p. 160).

Indeed, there is no incentive for Russia to engage in EU-style liberalization of national energy market. As was noted above there hardly seems to be a coherent EU policy toward Russia as member states are divided and prefer to pursue their own interests when energy is concerned. Correspondingly, Russia manages to deal with EU member states through exclusive bilateral agreements (Kuzemko et al., 2012, p. 153). It is a strategy of ‘divide and conquer’ if you will, and it seems to be working for Russia. The question remains if its policies are economically sound as many argue that liberal market tactics would enhance Russian energy output and profits (Victor, 2007, p.30). So, although politically Putin is successful in its energy policy, economically Russia is most likely missing out. Russia’s policies with regard to energy relations with the EU can best be described as a state-centric mercantilist approach (Kuzemko et al., 2012, p. 165; Hancock and Vivoda, 2014, p. 207).

To sum up, the interstate channel seems to play an important role even in EU member states energy policies. As of yet, despite efforts by EU institutions to create an internal market and the implementation of liberalization legislation, member states have been reluctant to hand over sovereignty in this particular policy field. Apparently, when stakes are perceived as touching upon tangible national economic interests member states resist centralization in fear of losing out. Not surprisingly, in these circumstances a coherent EU policy toward its main energy supplier Russia is lacking. Member states bypass the EU favouring bilateral deals. The Russian government also prefers bilateral agreements using divide and conquer tactics to enhance its international economic position of power. Both sides seem to loose out on potential gains from a liberalized energy market. EU member states pay top price for Russian gas and have no access to the Russian market. Russia too, misses out on potential profits that could result from a more open policy toward foreign investment.

More importantly for this thesis, in the case of EU-Russia energy relations it would be wrong to downplay interstate relations. It seems member states’ governments and the Kremlin alike, have very clear self-interest concerning energy policy. Furthermore,
these politicized and securitized state interests are pursued mainly through bilateral interstate relations. Thus, it can be unequivocally stated that in the case of the third channel of the multiple channel argument of Complex Interdependence the theory does not hold up in the case of EU-Russia energy relations, as interstate relations dominate this issue area.

**Conclusion**

In this chapter EU-Russia energy relations were examined in light of the first characteristic of Complex Interdependence theory, multiple channels. For this part of the theory to be applicable to EU-Russia energy relations since the end of the Cold war these should be characterized by policy influence through different channels. Moreover, the channel of interstate relations should lose some of its weight in favour of intergovernmental and transnational relations. When looking at intergovernmental relations within the EU, which in itself is an intergovernmental entity, energy policy has slowly moved toward a more intergovernmental approach. This is the result of EU energy market liberalization policies. However, member states remain reluctant to give up sovereignty over the highly politicized field of national energy policy. In the Case of EU-Russia energy relations transgovernmental relations are unsubstantial. Initial nominal cooperation through the ECT in the 1990s, was replaced by a centralized statist approach. Other international energy policy initiatives such as the Energy Dialogue and the Road Map have neither resulted in significant transgovernmental policy influence in the highly politicized and securitized EU-Russia energy relations. Fundamental differences in policy preference curtail possibilities for relations through the intergovernmental channel. A process of liberalization of energy markets in the EU from the beginning of the 1990s seemed inductive to relations through the second channel of transnational relations. However, a ‘regulation boom’ tightened member states’ control over international energy companies weakening their possibilities to influence energy policy independent from national governments. Furthermore, the process of energy market liberalization in the EU seems to have stalled in the 2000s. This is largely due to member states’ reluctance to cede power over their national energy policies to the EU level. In Russia in the 1990s a similar path of liberalization was followed. A partly privatized energy market and increasing cooperation with EU energy
companies suggests an increase in opportunities for transnational relations in this period. With the rise to power of president Putin came a policy of re-nationalization of the energy market. Gazprom, arguably the most relevant international energy company in EU-Russia energy relations was used as a state-instrument for re-nationalization and increasing state control over the Russian energy market. Russian restrictions on foreign energy companies to access its energy market, as well as conflict between the EC and Gazprom further inhibit opportunities for energy companies to influence energy policies through transnational relations. As a result of EU regulatory, and Russian statist policies interstate relations between Russian and EU energy companies are heavily politicized and securitized. Keohane and Nye describe transnational relations as conducted ‘at least partly independent from national authorities’. As such, influence through transnational relations in EU-Russia relations since the end of the Cold War cannot be said to have played a significant role.

A common EU energy policy is an important goal of the EU. However, internal coordination of member states’ energy policies still leaves a lot to be desired. The politicized and securitized nature of energy policies is cause for member states to deal with energy issues on a national level. Externally, the EU tries to impose its internal energy market liberalization policies on its external trade partners. However, reluctance of Russia to cooperate in this manner has impaired this external EU policy. Besides, the preference of individual member states for dealing with Russia on energy issues bilaterally further curbs the EU’s capability to conduct a common external energy policy. Russia, through a policy of ‘resource nationalism’, aims to maximise its international economic position through monopolization of its energy market. Russia makes use of a divided EU by conducting its energy relations with member states bilaterally. Clearly, interstate relations dominate EU-Russia energy relations. Russia and EU member states alike deem energy policy to be of vital importance for national security. They therefore are more than reluctant to transfer power over energy policy to intergovernmental or transnational channels of influence. The result is highly politicized and securitized EU-Russia energy relation. The issue hierarchy arising out of this politicized and securitized relationship will be discussed in the next chapter.
Looking back at the first hypothesis: *In EU-Russia energy relations Multiple Channels of influence are presumed to exist in the relations within the EU and, more importantly, between the EU and Russia.*

This chapter has clearly falsified this statement. Interstate relations dominate EU-Russia energy relations, whereas relations through transgovernmental and transnational channels do not play a role of major significance in this politicised and securitized policy field. To answer the question posed at the beginning of this chapter: *to what extent is the multiple channels characteristic appropriate to describe EU-Russia energy relations since the Cold War?* To hardly any extent as interstate relations play a dominating role over the other the channels of governmentalism and transnationalism.
Chapter 3

Absence of hierarchy among issues

Hypothesis 2: a lack of hierarchy among energy issues in EU-Russia relations is presumed.

Introduction

The second characteristic of Complex Interdependence Theory is the absence of hierarchy among issues. The argument is that a multitude of issues that were considered domestic issues become internationalized in a situation of complex interdependence. The distinction between issues of national and foreign policy becomes more vague. Separate issues are dealt with in separate coalitions nationally as well as internationally. Mainly, as there is a lack of hierarchy, issues of military security do not dominate the international agenda (Keohane and Nye, 2012, p. 20). Keohane and Nye mention the rise of issues such as the environment, energy resources and international trade policy to the international agenda. These multiple overlapping issues infringe on national governments ability to act out coherent foreign policies and strategies (Keohane and Nye, 2012, p.22). The issue area’s mentioned above all relate to important aspects of energy policy. This chapter will scrutinize the interplay of these issues in as far as they relate to energy within EU-Russia relations in order to determine whether there truly is an absence of hierarchy among these issues. A lack of hierarchy among issues and a lack of coherent national strategy and policies, as a result of fading distinction between domestic and foreign issues in EU-Russia energy relations would suggest a high degree of complex interdependence for the second characteristic of Complex Interdependence theory.

As another important aspect of the absence of hierarchy among issues, Keohane and Nye mention the rise of importance of agenda setting coinciding with the lack of hierarchy among multiple issues in relations characterized by complex interdependence. A lack of clear hierarchy among issues will decrease traditional focus on the security agenda, allowing for other issues to come to the fore on the international agenda. As a result, the politics of agenda setting become more important. Shifts of power distribution within issues will also affect agenda setting as increasing power in a certain issue area will incentivise international actors and states to try and get international agenda emphasis on said topic. Furthermore, the
international agenda can change as a result of linkage with other issue areas where power has shifted (Goddard, 1996, p.58). So, when an international actors’ power in a certain issue area increases it will pursue prioritization of this topic on international agenda. Moreover, actors employ issue linkage using the increased power in one issue to increase the importance of other preferred policy area on the international agenda.

At first sight the EU and Russia seem to cooperate on many issues. The ‘four common spaces’ are four issue areas of cooperation between the EU and Russia (ec.europa.eu). In 2003 it was agreed that the EU and Russia should intensify economic cooperation, cooperation on external security, cooperation on education and culture and, cooperation on freedom, human rights and justice. However from the EU progress report of March 2013 it becomes clear that little progress has been made nearly ten years on (EEAS EU-Russia common spaces report 2012). On most issues progress comes in the form of statements of intentions rather than real progress. Although energy would seem as just another possible common space of cooperation, it actually plays a crucial role. Energy security occupies a dominant position in a hierarchy of issues in EU-Russia relations. As such bargaining on any of the common spaces will always take place as a function of energy concerns (Casier, 2011, p.543). In order to ascertain to what degree an absence of hierarchy among issues describes EU-Russia energy relations since the end of the Cold War, this chapter will look specifically to the interplay of the issue areas of market, climate, efficiency, and security as they relate to energy policies. These issues make up the lion share of energy politics in Europe (Strunz, 2014, p.4). They will be discussed in light of the respective hierarchy and the possibilities for agenda setting politics. Keeping in line with the setup of the previous chapter, issue hierarchy will be discussed in an inter-EU context first and subsequently in EU-Russia relations.

To test the second hypothesis the two main questions of this chapter read: to what extent are EU-Russia energy relations since the end of the Cold War characterized by an absence of hierarchy among issues?, and to what extent do politics of agenda setting play a role of importance in these relations?

§ 3.1 issue hierarchy in EU energy policy

Firstly the separate areas of energy will be discussed successively within the EU context. The level of priority accredited to the several issue areas by member states and EU institutions will be determined in order to determine the degree of hierarchy
among energy issues within EU energy policy. The issues of markets, Climate and environment, energy efficiency, and energy security will be discussed in the hierarchy among energy issues, as these four issues areas represent the main energy issues in EU-Russia energy relations (Strunz, 2014, p.4).

*Market issues*

In this section the rise of market liberalization as an issue on the EU agenda will be discussed. As a separate issue within energy policies it has been at the top of the EU policy agenda. In the previous chapter it was established that during the 1990s ideas of liberalization, the power of the market and privatization spread through the EU and eventually to the energy sector. In the 1990s Russian efforts to create a market economy coincided with the EUs ambition to liberalize the energy market (Boussenna and Locatelli, 2012, p. 180). Hierarchy among the separate energy issues in Russian policies will be discussed in the second part of this chapter.

The creation of an internal market characterized by liberalization and undisturbed markets are among the guiding principles of the Union (EU constitution art. I-3). Through several market directives the EC tries to complete an ‘internal energy market’. However, member states remain reluctant to transfer sovereignty over national energy policies to the EU-level. The reason for this reluctance can be found in member states’ perception of sovereignty over energy policies as vital to their national security (Strunz, 2014, p. 7). As was established in the previous chapter, in the 2000s progress on liberalization and privatization of the EUs energy sector stalled as a result of states reluctance to transfer authority as well as bilateral energy deals frustrating attempts to come to a common energy market policy (Stagnaro, 2014, p. 250). Clearly, after an initial successful rise of liberalization of energy markets to the top of the EU policy agenda, energy policy was perceived by member states as too much an issue of national security to allow transfer of sovereignty to the EU level.

The limited progress on EU wide energy market liberalization can thus be attributed to member states concern with national energy security. What is more, the rise of market issues in the 1990s can be explained as arising from the same incentive of security. The project of opening up energy markets in an EU context was considered in the 1990s for the reason that through market liberalization the EU figured it would best govern the relations with its main supplier countries, especially Russia (Boussenna and Locatelli, 2012, p.180). Which makes sense, considering Russia was
adopting market liberalization policies itself during the 1990s. The main reason behind the issue of energy market liberalization rising to the top of the EU energy agenda should not be sought in the international spread of ideas of market liberalization in the international energy markets as such. Rather, the underlying incentive for the spread of market liberalization in an EU context is found in considerations of managing energy supply. What is more, security of supply was seen as all-important in member states’ considerations for open energy markets (Kuzemko, 2012, p. 195-6).

To sum up, although the issue of an internal market for energy, seemed to be dominating the EU’s as well as its member states’ policy agendas, the overarching issue in energy policies of the member states in the 1990s seems to be a concern with energy security. As such, market issues cannot be said to have stood at the top of the hierarchy of energy issues in the EU. Rather, energy security played a role of greater importance. Concerns for market liberalization were a means to the end of energy security at a time when liberalization was deemed the best policy to achieve said end. This suggests that, although market issues seemed to prevail in the EU energy policy of the 90s, security remained the main issue of energy policy. This suggests a place at the top of the hierarchy among energy issues in the EU during the 1990s for energy security.

**Climate and environmental issues**

The degree of centralization and transfer of policy competence from member states to the EU level varies greatly among the different areas of energy policy. Climate policy can be characterized as one of the more centralized issue areas (Strunz, 2014, p.7). Already since the 1990s the EU has made a priority of climate policies. From 2003 the EU Emission Trading Scheme (ETS) constitutes a formal common instrument for member states (Oberthür and Roche Kelly, 2008, p.41). The ETS is the most far-reaching form of centralization of energy policy in the EU (Strunz, 2014, p.7). The ETS is the centrepiece of a plenitude of EU policies designed to address climate change (EP, 2013). Most notably, the climate and energy package of 2009 sets ambitious targets known as the ‘20-20-20’ targets. Member states committed to a 20% reduction in greenhouse gasses, a 20% share of energy consumption from renewable resources, and a 20% improvement in energy efficiency (EC, 2009).
As we have seen in the previous paragraph, EU energy policy since the 1990s was designed around market liberalising ideas emerging mainly from UK conservative government views on economic efficiency. Since then the focus of the UK and other member states as well as the EU institutions has shifted toward energy policies aimed at reducing environmental pollution and climate change. As such, the hierarchy of issues within EU energy policies can be said to have changed from liberal market oriented to climate mitigating policies in the early 2000s (Kuzemko, 2012, p. 193).

Despite a shift in focus in the EU toward climate issues in energy policies, member states remain reluctant to transfer competences to the EU level even in the relatively centralized domain of climate issues. This reluctance is mainly attributed to diverging policy preferences and interests. Such diverging interests lead to diversity of national environmental energy policies among member states (Lenschow, 2002, p. 189; Strunz, 2014, p. 7). For example, some Eastern European member states pushed successfully for less stringent climate policies. In their case adhering to strict climate policies would automatically lead to reducing the use of coal and oil in favour of natural gas. This would increase Eastern European member states reliance on Russia as a gas supplier. Increased reliance on Russia is perceived as a threat to energy security in these former soviet member states. Other member states prefer more far reaching policies in climate. For example, the UK, which has instigated a national policy increasing the price for carbon production on top of the ETS. Traditionally, Germany, Denmark, and the Netherlands have also been notable forerunners in the formulation of energy related climate policy. (Balmaceda, 2002, p.29; Strunz, 2014, p. 7). Clearly then, at a time when climate policy is at the top of the EU energy agenda member states still prefer to maintain a high degree of policy independence to protect diverging national interests.

The rise of climate issues to the top of the EU energy policy agenda suggests a changing hierarchy of issues. That in turn could confirm the absence of hierarchy component of complex interdependence theory in inter-EU energy relations. For one could claim that the shifting of hierarchy among issues suggests the absence of hierarchy over time as any issue could rise to the top of the EU agenda. However, when looking closer at the reasons behind the prevalence of climate issues in EU energy policies another image comes to the fore. During the mid-2000s rising fears of depleting world fossil fuel reserves and growing state involvement with the Russian energy sector awakened concerns for energy security in EU member states. These
developments steered energy policy toward issues of reducing the use of fossil fuels and increasing EU production of cleaner energy (Kuzemko et al., 2012, p. 196-7). As such, the rising focus on climate policies can be seen in light of a bigger concern for energy security. This suggests energy security is the real issue and climate policy, at least in part, only a means to an end. That would mean the prevalence of energy security over climate and environmental energy policies in the hierarchy among energy issues on the EU policy agenda. Can it be said that concerns for energy security are the main aim for energy policies in the EU? In the next sections the importance of efficiency, and security as issues on the EU agenda will be discussed.

**Energy efficiency**

The third energy issue that is discussed in the context of a hierarchy among issues in the EU is energy efficiency. Energy efficiency policies are closely connected to climate issues discussed above. However, energy efficiency is discussed as a separate issue of EU energy policies as it came to rise to the EU policy agenda as a separate issue in the energy efficiency directive of 2012 (1012/27/EU). Furthermore, Energy efficiency can be seen as the single energy issue area where the interests of the EU and Russia converge in a sense. Both the EU and Russia acknowledge the value of decreased energy consumption that energy efficiency can lead to. However, decreased energy consumption in the EU can be seen as contrary to Russia’s interest as it would damage its energy export market. In that sense interests on the issue area of energy efficiency of the EU and Russia can be seen as contradictory (Kuzemko, 2012, p. 110).

Several energy efficiency policies have been adopted on a member state level. For example the Italian Tradable White Certificates of efficiency, the Swedish carbon tax, and the UK Carbon reduction Commitment energy efficiency scheme. At the EU level the aforementioned energy efficiency directive and the ‘Action Plan to Improve Energy Efficiency in the EU’ are examples of EU level energy efficiency policy (EP Policy Report, 2013, p. 21-4; Geller et al., 2006, p. 567).

Energy efficiency has come to the fore as an issue within energy policy in the industrialized world since the energy crises of the 1970s. The increase of the price of oil formed an incentive for efficiency in the use of energy. In the 2000s the issue of energy efficiency has become a policy priority within the EU. Before
then, clear discrepancies between member states’ policies on energy efficiency can be observed. For example, Germany has been focussed on energy efficiency already since the 1970s whereas the UK has only recently seriously taken up the issue of energy efficiency (Kuzemko et al., 1012, p. 109-114). This difference can be explained by historical differences between the UK and Germany in dependence on energy imports. Germany has been more reliant on energy imports, incentivizing policies of energy efficiency earlier on (Kuzemko, 2012, p. 125). Energy efficiency, strangely enough, plays a role of importance in the EU’s external energy strategy. Through advocating energy efficiency abroad, the EU strives to increase its own energy security by energy saving in the world (Kuzemko, 2012, p. 67). The more energy resources are left unused in the world, the more the EU is secured of supply of energy. This external activism on the issue of energy efficiency by the EU can be seen as a substitute for the failure of internal policy coordination. Even when in the 2000s energy efficiency seems to rise in the hierarchy among energy issues in the EU, member states nevertheless prefer to deal with policies concerning energy efficiency in a national context (Geller et al., 2006, p. 568). In the 2012 energy efficiency directive member states committed to very precise targets of increased energy efficiency. However, most member states are not likely to reach these targets, demonstrating the unwillingness to transfer the issue of energy efficiency to the EU level (Strunz, 2014, p. 9). This should come as no surprise by now. The politicization and securitization of energy by member states seems to extend to individual issues within EU energy policies.

The high place of energy efficiency on the policy agendas of the member states and the EU can be attributed to the interconnection of energy efficiency and economic profits. Also, climate concerns are easily linked to the issue of energy efficiency. However, the main underlying reason for the concern with energy efficiency as an issue in EU energy policy is the geopolitical strategic goal of assuring energy security (Kuzemko, 2012, p. 66). Energy efficiency features as an issue on both the external and internal strategic security agenda of the EU (Oberthür and Roche Kelly, 2008, p. 43). The securitized nature of the issue area is confirmed by a lack of willingness among member states to transfer policies of energy efficiency to the EU out of strategic considerations (Geller et al., 2006, p.
Again, the emergence of energy efficiency as an issue in EU energy policy seems to suggest an absence of hierarchy among issues. However, its use as a means to achieve energy security proves the prevalence of security as an issue at the top of the hierarchy of energy issues in Europe.

**Energy Security**

As has been made clear in the previous sections, energy security can be considered the underlying issue behind the issues of market, climate, and efficiency in EU energy policy. In the Lisbon treaty ensuring security of supply of energy in the Union’ is one among other objectives of the EU’s energy policy (art. 194 TFEU). However, as can be read above, the issue of energy security can be seen as the one issue of primary importance in the policy agenda of the EU and of the individual member states. The EU’s pursuit of security of supply can be contrasted against Russia’s pursuit of security of demand; this dynamic will be considered in the next section.

In the previous sections, it was shown that member states prefer to keep a high degree of national control over policies in the different energy issues of market, climate, and efficiency. All three issues can be explained from an overarching concern with energy security. Unsurprisingly, energy security is the most strongly decentralized issue in energy policy in the EU. Some EU-cooperation concerning short-term energy security is in place, but no cooperation of importance is taking place in the long-term energy security policies. What is more, member states are adopting policies of energy security unilaterally more and more (Strunz, 2014, p. 8). An example is the aforementioned Nord stream pipeline, a unilateral approach by Germany to enhance its own energy security at the expense of other member states who rely on their position as transition country for their energy security (Westphal, 2006, p. 56). The role of security in this project is illustrated by a remark of the Polish defence minister at that time. He compared the Nord Stream pipeline to the Molotov-Ribbentrop pact under which the Soviet Union and Nazi-Germany divided up Poland between them (Walker, 2007, p.3).

After the domination of the issues of market in the 1990s and later climate, energy security became a more explicit issue in EU energy policies. In the 1990s
market liberalization was seen as the go to policy for enhancing energy security in relation to a weakened Russia. Later climate and efficiency policies were deemed to result in the desired energy security through reducing domestic energy needs and world energy use respectively (Casier, 2011, p. 538). In the late 2000s energy security became an explicit concern in the EU. Especially the 2006 and 2009 gas crises in the Ukraine, which resulted in some member states being cut off from Russian gas, lead to increasing explicit concern for energy security in the EU and the member states, leading to a more straightforward politicization of energy security (Hedberg, 2015, p. 1). Security as an issue can be said to have a clear place at the top of the hierarchy among issues in EU energy.

In sum, from the 1990s onwards issues of market, climate, efficiency and security have seemingly traded places at the top of the energy agenda of the EU and its member states. This shifting of focus between different issues suggests the absence of an absolute hierarchy among these issues of energy policy. This lack of hierarchy among issues would suggest a confirmation of the second hypothesis for as far as the inter-EU energy game is concerned. However, as is laid out above, the prevalence of market, climate and efficiency issues can be explained from changing assumptions on how best to mitigate concerns for energy security. In other words, although at first glance the second characteristic of complex interdependence theory, a lack of hierarchy among issues seems to describe the situation in EU energy policy from the 1990s, this does not hold up to scrutiny. The issue of energy security clearly dominates energy policy in Europe, albeit more explicitly so since the late 2000s. Moreover, member states are reluctant to cooperate on energy at an EU level claiming energy policies are vital to national security strategies (Kuzemko et al., 2012, p. 145). To conclude, energy security dominates the European energy agenda, dismissing a lack of hierarchy among energy issues and the multiple issue argument. What is more, energy security is so politicized and securitized nationally in member states that EU level policy coordination is minimal.
§ 3.2 Energy issues in Russia

As was elaborated in chapter two, Russian energy policy in the 1990s was geared toward concepts of market liberalization and privatization. These developments took place in light of the opening of the post-Cold War Russian economy and an economic orientation toward energy export to the liberalizing Western Europe. Through a process referred to as ‘shock therapy’ the Russian energy market was to be transferred into a liberalized market based on the import of Western values of free markets (Smeenk, 2011, p. 127). An important incentive for the Russian government to liberalize the energy market in the 1990s was securing exports to Western Europe. Particularly, since the collapse of the Soviet Union exports to Eastern Europe had declined sharply. In order to reap benefits from its energy exports to help its own declining economy Russia thus had to look for energy exports to the West. The adoption of liberalization measures modelled after Western values of free market and privatization was seen as a way to secure energy trade with Western Europe (Smeenk, 2011, p. 146). At that time liberalizing market measures where thus considered the best way to secure energy exports.

In the 2000s, with Putin came major changes in Russian energy policy. Policies geared toward market liberalization were thrown out the door. The Russian government came to see so-called ‘resource nationalism’ as the way to maximize economic and geopolitical benefits from energy exports. This strategy was informed by a change in government elites as well as increasing prices of fossil fuels since 2004 (Smeenk, 2011, p. 172). This period up to the economic crisis of 2008 has been very successful for Russian energy exports. Prices and demand for energy exports to the EU were rising, consolidating economic growth. Energy policies are at the heart of Russian efforts to modernize the economy and regain international great power status (Bochkarev, 2006, p.5). But these policies also worked to politicize and securitize Russia-EU gas relations as Russia ignored EU calls for international coordination and liberal market policies (Sharples, 2012, p.9). Since the early 2000s Russia has reversed the liberalization policies of the 1990s and adopted a statist approach to international energy policies. So, in order to secure energy exports in the 1990s Russia adopted market
liberalization and since the early 2000s it has reversed said policies for the same reason of energy security.

In the case of Russia the issues of climate and efficiency cannot be said to have played a role of major significance in the hierarchy of energy issues. The ratification of the first Kyoto climate protection protocol was informed by the view that it would pose no threat to economic growth. The international pressure to ratify was then used by Putin to gain EU support for Russian WTO membership. Russia does not participate in the second Kyoto rounds. (Korppoo, 2015, p. 4). What is more, Russian allowed carbon emissions in the first Kyoto protocol had been set so high that Russia could raise carbon output or sell its emission rights (Tynkkynen, 2010, p. 180). Russia’s ratification of the Kyoto protocol is misleading as it suggests the issue of climate in energy policy high in the hierarchy among issues. However Russian incentives for ratification were purely economic. This is underlined by its failure to ratify the second round of the Kyoto protocol. Russia has failed to conduct serious climate policies. Rather, environmental issues have played a minor role and the exploitation of national energy sources has the absolute priority despite environmental consequences (Tynkkynen, 2010, p. 192-3).

The issue of energy efficiency is one the Russian government has lately come to be slightly more concerned with. The economic crisis of 2008 caused Russian policy makers to attempt to modernise the domestic economy by encouraging greater efficiency. The reduction of domestic energy consumption and simultaneously increasing the production of energy through new technology has become a policy effort to cope with the economic downturn. Russian concern with energy efficiency is thus mainly informed by a desire to regain economic growth (Henry and McIntosh Sandstrum, 2012, p. 1308).

In the case of energy policy in Russia since the end of the Cold War, the issue hierarchy has been dominated by concerns with energy security, especially the security of demand. Russia’s energy policy agenda since the 1990s has been dominated by securing exports to Western Europe. Issues of climate, market, and efficiency have only played a part in Russian energy policy in so far as they related to this energy security of demand. Similar to the EU, only more straightforward, the Russian energy policy is concerned mainly with security.
This suggests there is no lack of hierarchy among energy issues. Rather, energy security remains firmly at the top of the Russian policy agenda. This Russian concern with security of demand in the energy sector will be contrasted with a European concern with security of supply in the next paragraph.

§ 3.4 Security of Demand vs Security of Supply

It has been made clear that energy security dominates the hierarchy among energy issues in the EU as well as in Russia. However, Russian concern with energy security cannot is not the same as energy security concerns of the EU and its member states. Indeed, Russian and EU energy security considerations can be described as contradictory, which is the main reason for the politicization and securitization of EU-Russia energy relations. EU energy policies, and mainly member states national energy policies, are directed mainly at securing ample supply of energy. This concept is referred to as the security of supply. Whereas Russia's main energy concern is in securing energy exports to boost its economy, so called security of demand. As the EU is dependent on Russian energy exports, mainly gas for 40% of its energy needs and Russia is dependent on the EU for 49% of its exports, 75 % of which consists of energy exports (Sharples, 2012, p.6). The two are heavily dependent on each other. This mutual dependence is the reason EU-Russia energy relations are often referred to as interdependent (Kuzemko et al., 2012, p. 48; Sharples, 2012, p.1).

As chapter two demonstrated, EU external energy policy is centred on the spread of market liberalization based on European free market legislation. In this chapter it was shown that these concerns with market liberalization are born out of an underlying concern with energy security. Free market policies are judged to create a security of supply through depoliticizing energy supplies. Such promotion of market ideals is characteristic behaviour for resource-dependent states in energy relations (Kuzemko et al., 2012, p. 45). What was also put forward in chapter two, the EU has tried to impose its liberal market policies on Russia through international instruments such as the ECT and the Energy Dialogue. This EU propensity to impose liberal legislation for energy markets on its trade partners is perceived by Russia as a threat to its energy sovereignty, undermining chances for cooperation at an international level. Member states
preference for bilateral ties with Russia as a means to achieve security of supply further frustrate EU efforts to establish a common energy security policy toward Russia (Ramanova, 2014, p.9).

More recently, EU policies have moved more in the direction of reducing dependence on energy imports from Russia by aiming at energy import diversification. However, the EU will remain dependent on Russian gas imports for its energy supply in the years to come and this dependence is likely to even increase in the near future (Sharples, 2012, p.2). Serious diversification of energy imports thus cannot be seen as a realistic policy toward EU security of supply at present. This focus on reduction of reliance on energy imports from Russia is a sign of further politicized and securitized perception of energy relations with Russia from an EU point of view. Cause for the EUs more defensive stance in EU-Russia energy relations is the revival of the Russian economy since the end of the 1990s and the more anti-liberal Russian energy policies (Casier, 2011, p. 450). Other explanations for a securitization of the Energy relations are the 2006 and 2009 transit disputes with Ukraine, causing temporary supply shut down to EU member states, and the 2004 enlargement which incorporated former Soviet states into the EU. These further causes for conflictual energy relations between the EU and Russia will be discussed in depth in chapter four.

Energy security considerations without a doubt dominate the hierarchy among energy issues for the EU. However, unilateral policies by individual member states frustrate EU attempts to depoliticize EU-Russia energy relations through market liberalization and regulation. In addition, Russian statist policies toward energy trade and its unwillingness to adhere to EU policies in international energy cooperation further limit possibilities for EU external policies of security of supply. In the previous paragraph it became clear that Russian energy policy too is driven by considerations of energy security. However, In the case of Russia energy security is geared toward policies of securing energy exports, a policy of enhancing security of demand. In the 1990s policies of liberalizing the Russian energy market were aimed at improving an ailing Russian economy by securing energy exports to Western Europe (Smeenk, 2011, p. 146). The weakness of the Russian economy at that time made Russia dependent on western style liberalization policies to achieve security of supply. In contrast, from the early
2000s Russia is perceived as a strong state adopting more assertive energy policies of strict control of energy resources as a source of energy security (Casier, 2011, p. 536). Where EU policies of security of supply are aimed at the spread of liberalization and EU style regulation, Russia believes it can achieve security of demand best through state capitalism (Romanova, 2014, p. 2). As we have seen in the second chapter, the EU attempts to liberalize and regulate EU-Russia energy relations through international cooperation in mainly the ECT have largely failed. In international energy cooperation with the EU, Russia seeks an equal partnership rather than a role as a recipient of EU energy regulation policies (Sharples, 2012, p. 8). On the other hand Russia has successfully politicized energy relations with the EU through bilateral trade deals with individual member states (Ramanova, 2014, p. 2). Through this policy of ‘divide and conquer’ Russia has played out member states against each other. One example is, again, the Nord Stream pipeline. This project provides Russia with security of demand as a result of German investment in the project. Conversely it increases Germany’s individual security of supply but simultaneously decreases overall EU security of supply because it goes against the EU goal of energy diversification. Also, the project pits member states against each other. Mainly, the Polish government has protested the projecting finding it ‘unjust’ (Kuzemko et al., 2012, p. 137). Thus, Russian policies for security of demand in the EU are monopolization of energy exports, opposition to far reaching international regulatory organisation, and pursuing bilateral energy deals with individual member states. For the moment, Russian power over its energy resources and reluctance to cooperate on an EU level makes its security of demand in better shape than EU policies toward security of supply.

The focus on policies of security of supply from the side of the EU and on the security of demand from the side of Russia have caused EU-Russia energy relations to be characterized by geopolitical competition (Casier, 2011, p. 540). These geopolitical tensions will form the basis for the discussion of the third characteristic of complex interdependence, irrelevance of the use of force, in the fourth chapter.
Conclusion

In this chapter separate issues of energy policy in EU-Russia energy relations were analysed expecting to find, as the hypothesis reads, and absence of hierarchy among these issues of energy policy. As the first paragraph made clear, the specific issues of market, climate, efficiency, and security have all played a role in the EU’s and individual member states’ energy policy. However, an overarching concern with the issue of energy security can be discovered behind every separate issue. It has to be concluded that in the case of inter-EU relations there is indeed a hierarchy among issues, with energy supply security firmly at the top of the hierarchy influencing every other issue in energy policy.

For Russia the same can be said. Russian energy policy, although it has shifted from liberalization to a more statist approach to energy policy, has always been informed by an underlying concern with securing energy exports. Market liberalization and statist approach can be seen as different policies toward the same goal of security of demand.

The contrasting security of supply versus security of demand dominates the EU-Russia energy agenda. In the 1990s the EU can be said to have had the greatest agenda setting powers as its preferred dynamic of market liberalization and regulation dominated EU-Russia energy relations. With Putin’s rise to power, Russian economic recovery, and rising energy prices Russia became the powerful agenda setter in the early 2000s. This lead to a more politicized and securitized energy relationship between the EU and Russia.

To answer this chapters main research questions: to what extent are EU-Russia energy relations since the end of the Cold War characterized by an absence of hierarchy among issues?, and to what extent do politics of agenda setting play a role of importance in these relations?

The first question can be answered negatively beyond a doubt. A hierarchy among energy issues in both inter-EU and EU-Russia energy relations is clearly dominated by the issue of security. Albeit, the EU and Russia strive for opposing forms of energy security as result of their status of net-importer and net-exporter of energy respectively. With regard to the second question, a more positive answer may be formulated. Agenda setting has played a role in EU-Russia energy relations in the sense that the EU was able to dictate the energy agenda in the 90s when Russia was
perceived as a weak economic player. In the 2000s Russia dictated the EU-Russia energy agenda more toward bilateral relations and security. Agenda setting thus plays a role of importance in EU-Russia energy relations. As such the agenda can be seen to have shifted from a focus on EU security of supply in the 1990s to a Russian security of demand from the 2000s. However, no matter who was the main agenda setter, security clearly dominates the EU-Russia energy agenda.

The second hypothesis, *a lack of hierarchy among energy issues in EU-Russia relations is presumed*, has to be falsified. Clearly, energy security dominates a hierarchy among energy issues in EU-Russia relations.
Chapter 4

The use of force in EU-Russia energy relations

Hypothesis 3: military force does not play a role of significance in EU-Russia energy relations.

Introduction

The third and final characteristic of a situation of complex interdependence in international relations is the irrelevance of the use of force among the actors concerned. As Keohane and Nye put it: “Military force is not used by governments within the region, or on the issues, when Complex Interdependence prevails.” The use of force external to a relation of Complex Interdependence is not ruled out. In that case, Complex Interdependence simply does not characterize relations with these external rivals (Keohane and Nye, 2012, p. 21). According to Keohane and Nye, the economic costs and the loss of mutual profitable relations on other issues would offset the gains from the use of force. They state that the applicability of the use of force varies across issue, areas, and time. With that the level of Complex Interdependence varies. As such, an issue area can move closer to or further away from being characterized as a situation of Complex Interdependence (Keohane and Nye, 2012, p. 23-4). The authors specifically claim that since the end of the Cold war the decline of the use of force has spread to Eastern Europe and Russia (Keohane and Nye, 2012, p. 242). To test this third characteristic of the theory this chapter will analyse the use of force in EU-Russia energy relations since the end of the Cold War. Although no direct instances of military conflict between the EU and Russia have taken place since the Cold War. It has become clear in the previous chapter that a clear politicization and securitization of EU-Russia relations has taken place. This chapter considers the conflicts that have arisen out of this situation. At the end of the chapter an answer to the following question is formulated: to what extent has the use of military force played a role of significance in EU-Russia energy relations since the end of the Cold War? As was the case in the previous chapters, the role of the use of force within the EU will be discussed firstly followed by an analysis of the use of force in EU-Russia energy relations.
4.1 Military force in inter-EU relations

The founding of the European Coal and Steel Community (ECSC) in 1951 was the first small step in a process of European integration that led to the coming into existence of the European Union of today. The ECSC was designed to prevent military conflict in Western Europe, specifically between Germany and France. The free trade in coal and steel among the six founding member states was supposed to prevent military build up in any of the individual countries (Davies, 1997, p. 1084). Hence, prevention of the use of force is a founding principle of European cooperation. What is more, energy policy, in the form of free trade in coal has been explicitly linked to this process from the very start of EU cooperation. The EU’s history of promoting peace, at the very least internally, has even landed the organization a Nobel Peace Prize in 2012. The Nobel committee heralded the EU’s origination from a desire for peace in Europe and the way it spread peace through democratic means in new member states. The committee mentioned the importance of this institution at a time of political and economic unrest (nobelprize.org). The latter remark is relevant to the politicized and securitized nature of EU-Russia relations, which will be discussed in the next paragraph. Clearly, the EU has been successful in the promotion of common values of peace among its member states.

In contrast, the picture of external EU policy concerning the use of force and military conflict is much less harmonious. As we have seen in the previous chapters member states are not prone to allow the break down of their sovereignty, especially when issues of security are concerned. The post Cold War conflicts on the Balkan are one example of an opportunity for the EU to demonstrate a common policy in military conflicts. It is widely believed that the EU’s Common Foreign and Security Policy (CFSP) failed miserably in this instance as member states failed to agree on an approach to the situation, leading to NATO stepping in (Arikan, 2012, p.100). Another example is the invasion of Iraq in 2003 and the second Gulf War, in itself a military conflict linked to energy as securing oil supplies is widely believed to be a major motivation behind the invasion (Kramer and Thrall, 2012, p. 2). In the run-up to, as well as in the aftermath of the Iraq war coordinated EU response was noticeably absent. When called upon by the United States a clear division among the bigger member states prevented a common policy in an important matter of global security (Chari, 2003, p. 1). Furthermore, the aftermath of this conflict and a lingering division among member states as to the legitimacy of the intervention strongly minimized the
chance of a serious coordinated EU military effort in the future (Peters, 2004, p. 207). These examples show the inability of the EU to act as one in case of military conflict. This is no surprise as in the previous chapter it became clear that member states are extremely reluctant to choose the ‘EU way’ when issues of security are concerned and rather opt for the unilateral approach.

The EU has been remarkably successful in promoting peace within the Union. Concerning the third characteristic of Complex Interdependence theory, the absence of the use of force between actors in a relation of complex interdependence, it can be said that inter-EU relations adhere to this aspect of the theory perfectly well. The picture of EU external policy in military conflict is very different. Member states fail to come to an agreement when their involvement in military conflict comes to the table. This contrast can be explained by the EU’s constitutional make-up. As an intergovernmental organization the EU is designed for multilateral cooperation. This is a valuable characteristic when it comes to promoting internal peace. It is however a handicap to forming a strong external policy in politicized and securitized issues (Correlje and van der Linde, 2006, p. 541). This forms a curious security paradox. The democratic construction of EU institutions promotes internal peace, but when external use of force is necessary to enforce peace externally it is the democratic decision-making of the EU that inhibits action. As we will see in the next section this failure to cooperate of EU member states in issues of security forms a shortcoming in security issues in EU-Russia energy relations.

§ 4.2 Russia’s ‘energy wars’

As opposed to the EU, Russia has a very clear foreign security policy. Since Putin’s rule regaining international great power status and a strong international economic position are top priorities in Russian foreign policy. Russian energy exports are perceived as an important means to gain power on the international stage. Also, geopolitical dominance over its direct sphere of interest is believed to be of vital importance to Russian security. The main threats to these foreign policy priorities are insecurity of demand for energy and loss of influence over its neighbouring states (Walker, 2007, p. 17; Sharples, 2012, p.3). Russia perceives itself as an energy superpower and rightly so. The importance of Russian energy supply in its own region and the rest of Europe cannot be overstated (Sharples, 2012, p. 5). Already from the mid 1990s Russia has been seeking to control its neighbours in order to
secure the transit roots that are vital to its security of demand of energy in Western Europe (Kuzemko et al., 2012, p. 172) It will become clear in this paragraph that since the end of the Cold War Russia was involved in territorial as well as energy conflicts and it has not shunned the combination of military and energy security threats to rein in states in its sphere of influence that conduct policies not serving Russian interest.

**Georgia**

Since the end of the Cold War relations between Georgia, a former Soviet state, and Russia had been deteriorating. In August of 2008, the worsening relationship between the neighbouring countries led to war (Orttung and Overland, 2011, p. 81). Georgia is of strategic importance to Russia for its access to the black sea and important oil pipelines. The cause of the conflict can be found in Russian discontent with Georgian foreign policy. Georgia had been orientating its policies westward. A pro-Western government was looking more and more toward NATO for a partnership agreement as a way of seeking security from its former ruler. These policies were first met with Russian threats of energy cut offs. But Russia soon scaled up its use of pressure instruments. In 2006 two explosions occurred in Georgian pipelines. Although no direct evidence is available, these explosions are seen as Russian actions aimed at Georgia. The Russian provocations culminated in an all-out war in 2008. Russian fear of losing influence in territory it considers to fall under its sphere of influence went together with a fear of loss of power over an important energy transit state, which would threaten its energy security of demand (Smeenk, 2011, p. 136). As such the Russo-Georgian war can be seen as both an energy conflict as well as an important display of power from Russia in order to protect its influence in the region. Furthermore, the conflict was not only born out of considerations of energy security but also the threat of energy supply cut offs was used as a means of pressure before military intervention. This shows how Russia combines energy and the use of force as important foreign policy instruments. This combination of the use of military force and energy as a weapon are clearly illustrated by the Georgian pipeline explosions.

**Ukraine**

The Ukraine conflicts also form a clear example of Russia combining energy and the use of force as a foreign policy in its direct neighbourhood. The reasons for the
conflicts and Russian actions are similar. Akin to the situation in Georgia, Russian-Ukrainian co-dependence stems from Soviet era energy infrastructure (Kuzemko et al., 2012, p. 169). However, as will be shown, the Russia-Ukraine ‘gas wars’ have had more of an influence on the EU’s security of supply. Russia became seriously displeased with Ukraine after the Orange Revolution lead to the election of Viktor Yushchenko. Yushchenko aimed to resist Russian influence in Ukraine and pursued closer ties to the West. He promised democratic reforms and aimed at future membership of the EU (Kuzemko et al., 2012, p.175). After the Orange Revolution Russia demonstrated its opposition to the new Western orientation of Ukraine by announcing it would abolish gas subsidies to Ukraine. Ukraine as a former Soviet state and a vital transit country for Russian gas to Europe had been receiving discounts on Russian gas prices since the end of the Cold War (Orttung and Overland, 2011, p. 75). The conflict over Russian gas prices led to the first example of Russia using the energy weapon in Russia-Ukraine relations. Following failed price negotiations in 2005, Russia cut off the supply of gas to Ukraine on the first of January of 2006. The crisis was solved, and after two days gas deliveries were resumed. However, a few years later the conflict returned with more serious consequences. After a new conflict over Russian gas prices Russia again cut off supply to Ukraine in January of 2009. Gas designated for other European countries however was allowed transit to Ukraine. Ukrainian engineers then reversed gas flows meant for transit to pipelines for Ukrainian use. Although Western European countries were never intentionally targeted by Russia, Ukraine’s actions affected gas deliveries to 16 EU member states (Kuzemko et al., 2012, p. 178). The 2006 and 2009 ‘gas wars’ have prompted serious concerns of security of supply in Western Europe (Hedberg, 2015, p.1; Stolberg, 2015, p. 117). Although no direct use of force was used by Russia, its used its energy weapon as a serious threat and a scaling up of Russian intimidation can be observed.

In 2013 protests broke out on the streets of Kiev against the Ukrainian government’s decision to reject an Association Agreement with the EU. European leaders supported the Ukrainian peoples’ wish to closer ties with the EU by even visiting the protests on the Maidan Square in the Ukrainian capital. These peaceful protests lead to chaos in Ukraine culminating in a civil war between a Russian oriented Eastern Ukraine and a Western part seeking closer ties to Western Europe. In the midst of the chaos Russia decided to intervene in the Crimea for the protection of the ethnic Russian population.
In March of 2014 the annexation of the Crimea by Russia was completed. This prompted strong protest from Western European states and the EU, leading to economic sanction being put into place by the EU against Russia for its support of rebels in Eastern Ukraine and the illegal annexation of the Crimea (Stulberg, 2015 p. 112). This act of Russian aggression can be seen as the latest example off Russia’s assertive foreign policy combining Energy and the use of force in an attempt to reassert its geopolitical power in the region and at the same time securing important transit routes through tough treatment of, and threats to transit states.

Russia’s foreign policy consists of using its geopolitical and military power to secure important energy transit routes in its sphere of influence. At the same time it uses its ‘energy weapon’ as a means to coerce states that try to escape Russian influence by means of closer association to the EU. One reason for Russian aggression toward states that it considers to belong inside its absolute sphere of influence can be found in the 2004 EU enlargement. The incorporation of former Soviet states into the EU, which Russia perceived as its political and economic rival, were regarded by Russia as a serious threat to its geopolitical position (Casier, 2012, p. 9; Walker, 2007, p.1). Sour over these developments and strengthened by economic recovery in the 2000s, as a result of rising energy prices, Russia adopted a more assertive and aggressive geopolitical and military policy in those regions it considers still under its exclusive influence (Kuzemko et al., 2012, p. 173). The results are much more politicized and strongly securitized energy relations in Russia and the region. These examples show how intertwined energy and geopolitics are in Russia. Its increasingly aggressive foreign policy increase politicization and securitization of energy relations.

§ 4.3 EU-Russian security issues

It has become clear that EU-Russian energy relations have become deeply politicized and securitized since the end of the Cold War. Especially since the rise to power of president Putin who asserts a nationalistic, strongly geopolitically oriented foreign policy. However, these securitized relations have not lead to direct military conflict between EU member states and Russia. Can it then be said that the use of force has not played a role of significance in EU-Russia energy relations since the Cold War?

In the previous chapters it became clear that in the 1990s market policies where believed to culminate in increased security of supply for the EU and the member states. Since the 2000s dependence on Russian energy came to be perceived more and
more in terms of a threat to security (Casier, 2011, p. 536). Different events stimulated this change in perception of energy relations with Russia in terms of security. The 2004 enlargement incorporated several ex-Soviet states into the EU. Russia perceived this as an unwanted expansion of Western influence into its former geopolitical sphere of influence, leading to an increase in securitization of relations. What is more, with the incorporation of these former Soviet states the EU gained new member states that, as a result of a history of suffering under Soviet rule, preferred a tougher stance on Russia. It can be said that through the accession of these states into the EU, overall EU policy became less friendly toward Russia through their influence (Casier, 2011, p. 540; Sharples, 2012, p.9). Thus, the 2004 EU-enlargement has not only increased Russian suspicion and annoyance over Western expansion toward its region. It also increased anti-Russian sentiment within the EU. Both developments have served to further politicize and securitize EU-Russia relations.

The 2006 and 2009 crises in Ukraine have seriously raised alarms in the EU. The cut-offs have seriously damaged the EU’s trust in security of supply of Russian gas (Hedberg, 2015, p. 1). Even though the EU has never been intentionally targeted by Russian gas cut-offs, member states were seriously affected by the 2009 crisis, which cut off supply to EU member states mid-winter. These raised concerns over security of energy supply and opposite policy stances, with Russia preferring power politics and bilateral trade relations and the EU preferring a cooperative multilateral approach, increased tensions between the two. As a result the EU and Russia consider their relationship more and more in terms of geopolitical rivalry. Leading to a decline of mutual trust (Casier, 2011, p. 540; Finnon and Locatelli, 2007, p. 423). More recent developments in Ukraine have certainly added to this dynamic.

Unsurprisingly, the EU’s answer to these developments is far from a unified policy stance toward Russia. EU policies geared toward energy diversification, increasing energy storage capacities, and energy efficiency are designed to mitigate worries of dependence on Russian energy supplies. These policies are still underdeveloped, as member states prefer unilateral action on these issues (Correlje and van der Linde, 2006, p. 540). The 2009 Russia-Ukraine gas crisis is a prime example of the failure of coordinated EU energy policy in conflicts of energy security. Through its non-action the EU literally left the member states who’s energy security was severely threatened by the Russian cut-off out in the cold (Kuzemko et al. 2012, p. 181-2). EU interference in the 2014 Ukraine crisis had no positive effect on the situation as it
lacked the power and the will to help Ukraine, who became a victim for seeking closer ties to the EU. Furthermore, in the process of imposing EU-initiated economic sanctions on Russia to protest its aggression in the Ukraine, the division among member states became clear once again. German Chancellor Merkel was pushing for tough sanctions on Russia for its act of aggression. She was supported, among others, by Poland and the Baltic states. However, Italy, Bulgaria, and Hungary were pushing for a softer approach and proposed deepening ties with Russia so as to prevent costly conflict (Stulberg, 2015, p. 120). Again the internal division among member states prevented a swift, strong, unified EU approach. It appears that unilateral concerns often overrule EU policy in energy and security matters.

This paints a bleak picture for the strength of the EU in its increasing rivalry with Russia. World politics are increasingly interpreted in terms of ‘hard power’ to which the ‘soft power’ of the EU does not seem to have an effective response. In a geopolitical situation of power politics it is much harder for the EU to achieve energy security as it stimulates bilateral approaches of member states. The EU was designed for a liberal multilateral world, making it not very effective in politicized, securitized policy areas such as Russia-EU energy relations (Correlje and van der Linde, 2006, p. 536-540).

Russia, on the other hand, knows very well how to manoeuvre in politicized and securitized relations with the EU. Russia adheres to a less liberal, more authoritarian approach to achieve economic growth opposite to Western beliefs in liberal market policies that dominated international economics in the 1990s (Walker, 2007, p.8). A divided EU enables Russia to obtain maximum economic and political gains and an important strategic advantage over the EU. Putin employs a foreign policy combining energy and military threat. Russian policy takes advantage of divided trade partners. Through bilateral relations, Russia is able to divide and conquer its trade partners increasing its geopolitical position in Europe (Walker, 2007, p. 6-7). Russian deliberate politicization of energy strengthens its political, military, and economic position over energy dependent states. Russian policies are aimed at geopolitical competition. Its goal is to regain great power status through resource nationalism. (Correlje and van der Linde, 2006, p. 536; Finnon and Locatelli, 2007, p441). In this sense Russia’s policy orientation seems to fit current EU-Energy relations better. However successful geopolitically, it begs the question whether Russian power politics are economically effective, as it is believed that Russian policies sacrifice
economic gain in favour of geopolitical influence (Orttung and Overland, 2011, p. 75).
Although direct military conflict between Russia and the EU since the end of the Cold War has not occurred, the relationship has developed into a highly politicized and securitized situation revolving mainly around energy. Recent developments in the aftermath of the Russian annexation of Crimea have further escalated security concerns in EU-Russia relations as Russia demonstrated its willingness to employ a range of power instruments from threats of energy cut offs to military force to enhance its strategic interests in its near abroad. The period since 2014 was marked by close military encounters between Russia and the EU and NATO members states. Over forty incidents have been counted ranging from violations of national airspace to close encounters at sea between military units of Russia and Baltic EU member states and surprise military exercises in border regions, often interpreted as military provocations (Stulberg, 2015, p. 125). These incidents illustrate worsening geopolitical relations between Russia and EU member states.

Conclusion
The institutional make-up of the EU has minimized the chance of the use of force among member states. Externally some member states have proved willing to use military means in order to protect their security energy supplies in the 2003 Gulf War. However, a failure of a common EU approach to military crises renders it unlikely that a comprehensive, effective EU external security policy is to come about any time soon. The absence of the use of force among member states can be attributed to an institutional make up akin to a relation of complex interdependence. In this sense, the third characteristic of Complex Interdependence theory stating that military force does not play a role in relations of complex interdependence holds up in inter-EU relations.
In contrast, Russia has a very clear external policy aimed at regaining great power status and a strong position in the international economic arena. Its most important goals are retaining power in its immediate region and retaining a security of demand by exerting control over important transit states. Russian aggression toward Georgia and Ukraine can clearly be linked to energy issues. Furthermore, Russia does not hold back the use of its ‘energy weapon’ for the purpose of reining in neighbouring states it believes to fall within its exclusive sphere of influence.
Tensions in EU-Russia relations have risen. Among other explanations are the 2004 EU-enlargement, the Russo-Georgia war and most recently the conflict in Ukraine. Although extremely inductive to internal peace, the EU’s institutional make-up is not very capable in handling increasing geopolitical tensions with Russia. This is worsened by continuing disagreement among member states, and member states’ tendency toward unilateral approach when security issues are concerned. These weaknesses play into the hands of Russia, which is very capable in a geopolitical world with a tendency toward hard power. Its foreign policy is geared toward using energy and military threat to strengthen its geopolitical position. Furthermore, Russia makes use of a divided EU by addressing issues of energy and security bilaterally with individual member states.

There is no direct answer to the question raised at the beginning of this chapter: to what extent has the use of military force played a role of significance in EU-Russia energy relations since the end of the Cold War? Since the end of the Cold War direct military confrontation between the EU and Russia has not occurred. Nor can it be said that military conflict between them is imminent or even very likely in the near future. As such, one could argue that the hypothesis, *military force does not play a role of significance in EU-Russia energy relations*, can be confirmed.

However, increased politicization and securitization of the EU-Russia energy relations hardly reflects a peaceful association of mutual dependence. Furthermore, recent energy related incidents in Eastern Europe and changing geopolitical circumstances leave room to speculate. Therefore, it cannot be said that military force has not played any role of importance in EU-Russia energy relations. Accordingly, the third hypothesis should be considered mostly falsified.
Conclusions

This thesis set out to test the theory of Complex Interdependence in the context of EU-Russia energy relations. In this conclusion an answer is formulated to the main question: To what extent can EU-Russia energy relations since the end of the Cold War be characterized as relations of complex interdependence? It was hypothesized that EU-Russia energy relations since the end of the Cold war can best be described as a situation of Complex Interdependence. In accordance with the three main components of the theory three hypotheses were formulated. In this section the conclusions on these hypotheses are combined in order to answer the main question.

In the second chapter, regarding multiple channels, it was presumed that interstate relations do not dominate EU-Russia energy relations but rather that relations through intergovernmental and transnational channels play an important role. It was concluded that within inter-EU relations intergovernmental relations have played a role of some significance as a result of EU energy market liberalization. However, possibilities for intergovernmental policy influence were curbed by member states’ reluctance to cede power over energy issues to the EU. Intergovernmental energy relations between the EU and Russia were found unsubstantial as was illustrated by the refusal of Russia to cooperate in the context of the ECT. A process of energy market liberalization in both the EU and Russia in the 1990s seemed promising for policy influence through transnational relations. However, member states’ policies of stringent regulation of the energy market largely offset liberalization measures inhibiting possibilities for international energy companies to influence energy policies independent of national governments. Furthermore, Russian policy reorientation from the early 2000s increased state control of the Russian energy market. Gazprom, Russia’s energy champion was used as an instrument of the state to increase grip on the energy market, which lead to increased politicization of EU-Russia energy relations. Contrary to the hypothesis, interstate relations were found to dominate energy relations between the EU and Russia. Out of concerns of national energy security most EU member states prefer bilateral energy relations with Russia. EU-Russian energy relations are too heavily politicized and securitized to allow influence through intergovernmental and transnational channels. Accordingly, the first hypothesis, in EU-Russia energy relations Multiple Channels of influence are presumed to exist in
the relations within the EU and, more importantly, between the EU and Russia, has been falsified.

The third chapter dealt with the multiple channels component of Complex Interdependence theory. This second characteristic of the theory assumes multiple issues connect actors in a relation of complex interdependence and a lack of hierarchy among these issues is presumed. This chapter showed energy dominates a hierarchy among issues in EU-Russia relations. Within energy relations the issues of market, climate and environment, energy efficiency and energy security have been discussed. It can be concluded that all of these energy policy areas are subsidiary to an overarching concern with energy security. In the case of the EU, energy policies are subject to a primary objective of obtaining security of supply. What is more, member states are prone to pursue energy security through bilateral means, impeding coordinated EU policies in this issue area. In contrast, Russian energy policy is mainly concerned with a security of demand. The Kremlin pursues energy security through resource nationalism and power politics. Again, it was concluded that EU-Russia energy relations are extremely politicized and securitized. In sum, a hierarchy of issues in EU-Russia energy relations can certainly be said to exist. The issue of energy security clearly dominates this hierarchy of issues. Therefore, the second hypothesis, a lack of hierarchy among energy issues in EU-Russia relations is presumed, is certainly falsified.

Chapter four discussed the third characteristic of Complex Interdependence, the irrelevance of the use of force among actors in a relation of complex interdependence. It has been established that the institutional make up of the EU promotes peace inwards yet inhibits coordinated action to promote peace externally. In contrast, Russian habitue to employ a range of pressure mechanisms combining energy threats and military means, demonstrates how energy and geopolitics are intertwined. Increasing politicization and securitization of relations between Russia and the EU are illustrated by recent developments culminating out of the crisis in Ukraine. At the same time this situation once again emphasizes the division among member states and the inability of the EU to act effectively in issues of energy security. Military force cannot be said to have played a direct role in EU-Russia energy relations since the Cold War. However, the clear interlinked nature of energy and security in this relationship justifies mostly falsifying the hypothesis that military force does not play a role of significance in EU-Russia energy relations.
To conclude, EU-Russia energy policies since the end of the Cold War can be considered highly politicized and securitized. Initially, policies of liberalization and increased openness in trade relations between the EU and Russia in the 1990s seemed to justify a positive outlook for the theory of Complex Interdependence concerning their relations. However, this optimism soon diminished as a result of Russia resorting to policies of resource nationalism in the early 2000s and the EU member states’ inability to overcome national interests and establish a common EU energy policy.

When adding up these findings, the main hypothesis, *EU-Russia energy relations since the end of the Cold war can best be described as a situation of Complex Interdependence*, can convincingly be falsified.

With that, the question as to what extent Keohane and Nye’s theory of Complex Interdependence describes EU-Russia energy relations since the end of the Cold War is answered. Rather than complex economic interdependence through multiple channels, on multiple issues and in the absence of the use of force, EU-Russia energy relations can best be described as taking place in a context of bilateral interstate relations with issues of energy security dominating a deeply politicized and securitized relationship.
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