Energy policy and (energy security) as a part of Russian foreign policy

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Abstract: In cartoons Russia is often portrayed as a grim soldier, sitting on a pipeline, cutting off gas supplies to Europe. Images like this tell us something about a drastic change which the EU-Russia relationship has undergone during the last twenty years. While Russia was in the 1990s perceived as weak, it is currently framed as a powerful state. Russia’s strengthened position was correlative of stable political system during the two presidential terms of Vladimir Putin, and a high world market price of energy, especially oil. The outcome of these two factors was that Russia managed to almost double its real GDP in the past decade.

Oil and gas have been important factors in Russian foreign policy in the last fifteen years. Energy policy itself is a complex question. It includes both oil and gas fields and the energy infrastructure. The relationship between energy policy and foreign policy is often interpreted via the concept of energy security, which is defined either from a supplier’s or a customer’s point of view. After gas disputes between Russia and Ukraine (during the years 2005–2006 and 2008–2009) the question of energy security arose in political discourse both in Russia and in the European Union (EU). Finally, the presentation discusses Russian energy policy in three geostrategically important “Rimlands” of the Eurasian landmass (East Asia, Central Asia and Eastern Europe and the Arctic).

Introduction

In public debate a common claim has been that Russia uses its oil and natural gas resources and their transports as a power tool for getting more political influence in the former Soviet region. The Western media has often described Russia as an energy imperialist, unreliable energy supplier and unable to develop its own energy assets (e.g. Karaganov 2007). These kind of claims generate an image of Russia as a country that uses energy as a principal instrument to maximize state influence and power. In this regard, Russia is not an exception. Every nation uses its political connections, economic relations, military capacity and other available means to strengthen the nation’s position in the international arena (e.g. Morgenthau 1993 [1948]).

Energy emerged as one of the top priorities in the EU-Russia relations after the Russo-Ukrainian gas dispute in turn of the year 2005 – 2006. This was the first time when energy transits from Russia to European Union were cut off. A consequence of the dispute was that it politicized Russian energy in the EU member states. The Russo-Ukrainian “gas war” led to the situation where almost every contradiction in the EU-Russia
relations was interpreted to deal with energy issues (Raeste 2006; Baev 2008). Russia’s actions, like an impressive flag planting underneath the North Pole on the Lomonosov Ridge in August 2007 and the military intervention in Georgia one year later, set off speculation in the international community about the emergence of a new Cold War (e.g. Lukyanov 2010; Overland 2010). But everything changed after the global downturn in the world economy and its effect on the world market price of oil.

The changes in the world market price of energy have diverse effects in the economies of the nation states. This shows up as different geopolitical interpretations and competing discourses. One of the discourses describes the change in the world market price of energy as a threat to state sovereignty, a race for natural resources and conflicts (e.g. Borgesson 2008; Smith 2008). A contrasting interpretation to previous discourse claims that there is neither a race for natural resources nor conflicts between states in the case energy policy; on the contrary, states are ready and able to search together alternative energy solutions that ensure stable and peaceful development in the global context (e.g. Paillard 2010; Trenin 2010).

The relationship between politics and energy is not a new phenomenon. In fact, oil and oil politics has reshaped relationships between states for over two hundred years. Control over energy resources has influenced the emergence of conflicts. Even though alternative sources of energy are more common, societies will still stay highly dependent on fossil fuels in the future. This deepens and intensifies the interplay between energy, economy and politics (Finger & Finger-Stich 2010). It also promotes the preserving of the nation state as a principal actor in international relations, despite globalization.

Energy geopolitics, which is about access, supply and transit of energy resources, technology of production, state of logistical supply lines, processing facilities and transit infrastructures, is one of the major components of international relations (Kropatcheva 2011, 555). Natural and economic resources fuel state’s industrial and military capacity, and consequently control over these strategic goods bestows influence and power. Uneven distribution of oil and natural gas resources makes some regions strategically more valuable than others. What happens in, and to such regions, has an impact on the lives of other states, which consequently will pay more attention, militarily or diplomatically to these regions. (Grygiel 2006, 30.) This question of strategic resources and geostrategic regions brings the concept of energy security into discussion, because these resources are vital for a state’s survival. As one of the fathers of Realism, Hans Morgenthau (1993 [1948]), put it, “A country that is self-sufficient, or nearly self-sufficient, has a great advantage over a nation that is not, because it does not depend on the will or power of other states”.

This article analyses Russia’s energy geopolitics and its implications for energy security in the three geostrategic regions in the Eurasian landmass and its “Rimlands”: Asia-Pacific region, Central-Asia and Eastern Europe, and the Arctic region1. In the 21st century, interpretations of actions of the states have considered the “Rimlands” of the Eurasian landmass to be
potential stages for geopolitical competition between great powers. The actors have been looking for a common understanding and consensus from different international institutional organizations (such as G8 and the UN Security Council) and ad hoc meetings (the five littoral states get-together in Illulisat, Greenland 2008 and in Ottawa, Canada 2010 and Russia’s, France’s and Germany’s alliance against war in Iraq) for controlling Eurasian “Rimlands”. For Russia’s prestige it is important to be part in these international alliances with other great powers.

**Russia’s energy geopolitics in the light of geo-political theories**

Russia is considered to be one of the great powers, because of her large territorial extent. She has reached her current shape following prolonged geographical expansion. One factor behind motivating conquest of new regions was natural resources e.g. minerals which exist in Russian soil. The Russian state’s historically recurrent drive to mobilize human and natural resources for economic development and war was conducted under control of authoritarian political system. A strong sovereign has been a dominant feature in Russia’s politics. This together with the centralized economy system and geographical expansion has led Russia to several confrontations with the rest of the world. Russia’s foreign policy has been shaped by the struggle to stabilize empire’s borders through the centuries. That has led to permanent military mobilization and frequent war, and has delayed country’s economic modernization. (Legvold 2009, 30) Because of this, Russia’s economy has developed slower than the economies of the great powers in the West.

Russia’s great power politics is often explained in the light of the three geopolitical theories. The first one is based on Sir Halford Mackinder’s idea of the World Island, in which the governing of the Eurasian landmass is the key element for being world power. Mackinder’s “Heartland” theory highlighted geostrategic factors e.g. rich natural resources of the Eurasian landmass (Mackinder 1904, 430 - 437). The second one is based on Nicholas Spykman’s thinking. This theory emphasizes the “Rimlands” and sea areas that surround the “Heartland”. This description underlines the meaning of the Central Asia as crucial for Russia’s security (Heininen 1991, 21 - 22). The third explanation stresses the meaning of the strategic sea areas and sea routes for Russia’s economic might and great power status. This interpretation is based on Alfred Thayer Mahan’s Sea Power theory. According to Russian Naval officer, Admiral Sergei Gorskov, (see Heininen 1991, 23 - 24) Russia is not only the biggest inland state, but because of geography, also a dominant sea power, whose coastline is almost two times longer than the United States’ shore. Admiral Gorskov stressed the meaning of the navy as an economic and military powerhouse also during peace, because with the help of the navy, a state is able to demonstrate its strength outside of her borders. The definition made by admiral Gorskov is on based on technology models in classical geopolitics.
To outline Russian naval politics, it is essential to notice one geographical fact; Russia has only two harbours which are free from ice and have an open access to the world's oceans around the year. Rest of the Russia's oceanic harbours are struggling with the severe ice conditions, or they are located in inlet straits, which can be easily sealed (Heininen 1991, 23; Kefferpütz 2010, 3). Because of vulnerable sea routes, Russia is often considered to be an inland power in compliance with the “Heartland” theory. However, in recent years Russia has also showed up as a credible sea power. This is in line with Russia's Maritime Doctrine from 2001, in which it is stressed the aim to reassert her position among other leading sea powers (Maritime Doctrine of Russian Federation 2020 2001). This has appeared as an increased military patrolling in the oceans around the world. The opening of the new sea routes, which is the consequence of retreat of the sea ice, has led to the situation in which Russia has started to patrol regularly in the Arctic Ocean. The year 2008 was the first time when she did that since the dissolution of the Soviet Union (YLE Uutiset 17.7.2008).

All of these theories describe the regions that are important for energy production and transportation. In order to discover the energy geopolitical reality it is necessary to look at the location of resources and the lines of communication linking them. This brings in the concept of security, due to the importance of energy to modern industrialized societies. The configuration of these two variables assigns the strategic value to locations, privileging some over others. The dynamics of Russian energy policy becomes apparent in different geopolitical aspects to the strategic “Rimlands”. The “Rimlands” that surrounds the Russian Heartland create the geostrategic buffer zones between the East and the West. These buffer zones are defined militarily, economically and politically (Elo 2009, 54).

The early 21st century cuts in Russian oil and gas exports for neighbouring countries raised questions about relationship between energy and foreign policy. Western critics of Russia and President Vladimir Putin tend to assume that everything the Kremlin does is geopolitically motivated (Lo 2008, 135). Russia was blamed for using “energy weapon” as tool in its foreign policy. However, this “energy weapon” interpretation neglects two important factors. First, it underestimates the importance of commercial considerations in Russian decision making. The Russian government and major energy companies such as Gazprom, Rosneft, and Lukoil are keenly interested in profits for its own sake. The price hike for Belarus in December 2006 highlighted the growing importance of commercial considerations (Lo 2008, 135; Liuhto 2010, 49 - 51; Casier 2011, 545). Secondly, energy trade between Russia and EU has almost 50 years long history without cuts in supplies. The gas and oil infrastructures, which were constructed during the Cold War between EU member states and Soviet Union, were an expression of common economic interdependence; the Soviet Union needed western currency and the EU desired energy to secure economic development (Stern 2005; Nies 2008, 18). The energy cooperation during the Cold War was a starting point for broader
geopolitical change which culminated to the dissolution of the Soviet Union (Heininen 2002, 101-102).

**Energy as a part of Russia’s foreign political goals in geo-strategic regions**

Russia acts simultaneously as an energy producer, exporter, importer, consumer, and a transit state. Russia’s foreign energy policy is influenced by the factors of global politics and economy, as well as by the developments at regional and bilateral levels, and the dynamics of the energy market. This diverse role in energy sector becomes clearly evident in the progress of the neighbouring countries. The CIS countries, former Soviet states are, despite their independence, often still regarded to be included in Russia’s sphere of influence, where Russia has legitimate interests (Medvedev 2008). The reasoning for Russia’s interests in her near neighbours is explained by existing geopolitical status quo, in what the shifts would mean global geopolitical instability. Despite political changes in the relations CIS vis-à-vis Russia, there are still elements from the Soviet system in the economic relations. The economic networks, e.g. oil and gas infrastructures are difficult, if not impossible to dissolve. The CIS countries are dependent on Russian energy imports which give Russia the option to use these imports as an instrument of political power. Nevertheless, Russia’s opportunities to use energy exports to the CIS countries as a political “weapon” are quite limited. The Russian Federation is vulnerable to the disruptions to its deliveries to the EU by Ukraine. The latter is able to divert natural gas, transported for the EU, for its internal purposes (See more Balmaceda 2009; Pirani, *et al.* 2009). The transit pipelines, which bind Russia and Ukraine, were built while the two countries were part of the Soviet Union as a transit and supply pipelines. Any disruptions of internal supplies may cause problems for external transits, as the pressure in the pipeline will change (Kropatcheva 2011, 556).

The land between Belarus and China comprises a hot spot for which states in the world community are positioning for (Juntunen 2009, 129). This very region has been a target for power struggle between great powers from the 19th century. In the 21st century the Great Game is going on in the region between the United States, China and Russia. Central-Asia, the Caucasus and the South-East corner of the Europe constitute a chain which control is essential for energy exports from Russia to EU. In this regard, natural resources and their transport infrastructures play a key role in the geo-strategic power game of Central Asia and Caucasus region. With its vast pipeline network, Russia acts as an important gatekeeper for Central Asian energy exports. Gatekeeper position is not only improving Russian foreign policy position vis-à-vis the Central Asian countries, which are dependent on hydrocarbon exports, but also strengthens Russia’s powers of negotiation towards Ukraine (Liuhto 2010, 11-12; Shadrina 2010, 108-109; Casier 2011, 545). The Central Asian countries have started to look for geographical diversification of their energy ties, for reducing their dependence on Russian pipeline network. Over the last
couple of years, Russia has been faced with competition, especially from China’s side, for Central Asian oil and gas. The purchase-agreement of China for Turkmenistan gas has helped the Central-Asian states to demand higher prices for their gas from Russia.

Moscow has been aiming to restore its presence in the Asia-Pacific region through increases in oil and natural gas exports. Energy Strategy for Russia the Period up to 2030 envisioned that Russia would increase its exports of oil so that the use of Russian oil would increase in the Asia-Pacific region would increase from 8 percent to of oil used in 2008 to 22 – 25 percent in 2030. Natural gas exports were predicted to increase from 0 percent up to about 20 percent in the same period (Ministry of Energy of the Russian Federation 2009, 140-141). The strategic goals for Russia in its so called eastern vector are, on the other hand, to increase energy exports toward the Asia-Pacific for creation of an “Asia card” vis-à-vis the nations of the Europe Union, and on the other hand, to attract domestic and foreign investments to modernize economic backwardness of eastern Siberia and the Far East, which Moscow considers a Russian weakness vis-à-vis geopolitical rival, China (Itoh 2011, 1).

In the Sino-Russian energy relationship energy and geopolitics are intertwined. At first sight the relationship appears to be based almost ideal complementarity: on one side the world’s biggest exporter of oil and gas; on the other, one of the largest consumers of energy in the world. Also, China and Russia have a common border which makes possible to transport energy via pipelines without third parties. For China, energy is not an instrument of geopolitical ambition, but the principal for more assertive foreign policy, on the contrary for Russia; possession of vast oil and gas resources is the power-equivalent of nuclear weapons in the Soviet era. Energy is not just an instrument of influence in itself, but impacts on other dimensions of power: military, political, economic, technological, even cultural and normative. (Lo 2008, 132-133.) The most fundamental is that Russia and China have very different understandings of energy security. China is most concerned of security of supply. The biggest threat to its energy security is an interruption to or a reduction in the physical flow of energy, and a rise in the price of energy. To reduce these risks China has diversified its energy imports to around the world (EIA 2010; Andrews-Speed & Dannreuther 2011, 65 - 71). For Russia energy security means security of demand. Oil and gas account for over two thirds of Russia’s exports and a quarter of the country’s GDP (Liuhto 2010, 9). The dependence of the Russian economy on the energy sector means that Russia’s interest is to have long term contracts for its energy exports to protect commercial interests both in the Far East and in the Europe.

Another strategic compass point in Russia’s foreign energy policy is north. Global climate change has catapulted the Arctic in the centre of the global geopolitics, as melting ice reveals options for new oil and gas deposits. According to Russian sources, most of these Arctic’s oil and gas resources are located in Russian territory (e.g. Kontorovich, et al. 2010). The Arctic region is considered to be primary resource base and potentially
important corridor for future ship traffic between the Atlantic and Pacific Oceans (Security Council of the Russian Federation 2008; Ministry of Energy of the Russian Federation 2009). However, it was not until 2008 that the Russian Federation managed to formulate a comprehensive state policy in its Arctic region. The Arctic State policy is strongly linked to other federal strategies and policies that are aiming to reduce socio-economic gap between regions within the Federation (Heininen 2011, 48). The development of the Northern Sea Route (NSR) alongside with the extraction of hydrocarbon resources is one of the fundamental goals of Russia’s Arctic policy. This shipping channel is perceived as the sole means of transportation for Russian petroleum products from coastal and insular Arctic regions (Zysk 2010, 105). Potential opening of the trans-arctic sea routes and options for energy resources has got also the non-arctic states to look for the benefits of them. For example China, whose economy is dependent on imported energy and foreign trade, follows the development of the Arctic region carefully (Jakobson 2010).

In the future the meaning of the Arctic oil and gas resources for global energy security may increase. Events like, ‘Arab Springs’, an earthquake in Fukushima, Japan and Germany’s decision to close its nuclear power plants by end of 2022 have promoted the Arctic’s energy reserves as a choice for global energy security.

**Comparison of Russia’s policy between geo-strategic regions**

The changes in Russia’s energy policy from year 2000 to 2011 have appeared, mainly, as dynamics between internationalisation and nationalisation of energy sector. This dynamics has influenced to the meaning of analysed regions in Russia’s foreign policy.

First common thing between the Eurasian “Rimlands” is their meaning in the protection of “Heartland”, and that is why the strategies and policies of the Russian Federation which consider these regions include along with the other goals a security aspect. The security aspect is emphasized by concept of energy security which legitimates the states participation in energy production and transportation. In this regard, Russia shows up as an actor who has a messianic task to take care stable distribution and supply of energy in the Eurasia and Asia-Pacific regions. By using a comprehensive understanding of energy security, Russia justifies state’s control over the energy policy. Matters, like environmental protection and human aspects, are well noticed in the concept of comprehensive energy security, and these kinds of “soft” security means are making the comprehensive energy security a received and eligible state of affairs. To succeed in this, Russia needs to control over its energy infrastructure and that is why pipelines are in strategic position.

A second common phenomenon is a geopolitical rivalry for the control over the strategic “Rimlands” which is levelled mainly at the United States and Nato. This is interpreted to mean that Russia’s uses its energy assets as an instrument of power.
for protection of its national interests. However, in the light Russia’s Energy strategy, in which country’s foreign energy policy objectives are defined “the maximum efficient use of the Russian energy potential for full-scale integration into the world energy market, enhancement of positions thereon and gaining the highest possible profit for the national economy” (Ministry of Energy of the Russian Federation 2009, 55), the “stick and carrot” policy seems to be false interpretation. Use of energy as a foreign policy mean is like a double edged sword, because any threat of cutting or reducing energy supplies will have a negative effect to Russia’s reputation as a liable trade partner. In this regard the geopolitical competition is not contested by means of the Cold War rhetoric’s, and that is why it does not necessarily mean the return to arms race. In fact, this struggle is fought according the rules of international law and international regional institutions Р. Russia is chasing to pursue extensive and multicentre cooperation, in which foreign policy’s goal is to get the maximum profit from the eastern and western markets.

A third common feature underlines the state sovereignty. In Russia’s energy policy, state sovereignty is manifested in the discussion of infrastructure and transport routes. By keeping the pipelines and oil and gas tanker fleet under state ownership, Russia shows that, even though the country is ready to open its strategic energy sector to foreign investments, she not willing to give up the control of energy transport infrastructure. The desire to avoid transit states countries by building up new supply routes e.g. Nord Stream and South Stream, support Russian foreign energy policy goals. Transport infrastructure is crucial part of state’s capacity to control energy policy.

One of the biggest differences between analysed regions is also related to energy transports. In the southern “Rimlands” of Eurasia energy is transported via pipelines, where as in the Arctic main transport mean is planned to be oil and gas tankers. The existing pipeline network has its advantages and disadvantages. On the other hand, the pipeline network which Russia controls binds and makes former Soviet states dependent on Russia, but then again it prevents Russia from diversifying its energy exports geographically and from achieving maximum commercial profits. In this sense the use of tankers in energy transports seems to be logical, since it provides global markets for Russian energy.

In Central Asia and the Caucasus region Russia acts mainly as a transit state, while region Russia’s role in the Arctic and the Asian Pacific is energy producer and exporter. These different roles influence Russia’s foreign energy policy in analysed regions. The gatekeeper position in Central Asia allows the control of energy transports between China and the EU. The Central Asian states are trying to reduce their dependence on Russia by concluding bilateral relationships for energy exports and by planning alternative pipelines e.g. Nabucco project which are bypass Russian territory. On the other hand, in the Arctic region Russia is dependent on both technological and economical foreign investments. In order to encourage investments Russia has had to change the energy sector and to make it more open.
Conclusions

Energy became more central to Russian foreign policy due to the rapid rise in the world market price of oil in the beginning 21st century. High prices resulted from the exports of fossil fuels became the most important income for state. Rapid economic recovery and centralization of power revised character of Russian foreign policy. The strengthening of Russia did not mean return to expansive foreign policy, thus Russia’s foreign policy is guided by the objective maximize its economic growth.

After Vladimir Putin’s accession to power, both domestic and foreign policy was economy-oriented. The economic system was capitalist even though state’s role was bolstered up. This affected also the energy sector in which state control increased as compared to privatization policy during 1990’s. Strong state policy, led by president Putin, promoted better execution in reaching Russia’s national interests. Putin’s foreign policy did not mean Russia’s isolation from the world markets because Russia still tried to integrate strongly into the global economy. However, the integration would only happen according to Russia’s national interests.

Russia’s foreign, security and energy policy documents and strategies do not differ from their targets as compared to Western documents, even though Russia and Western countries’ have different approach to the post-Cold War world. Despite this, interpretations of the Russian strategies often highlight the security aspects of strategies and policies. This has politicised oil and gas, when Russia has had conflicts with other countries. However, the use of “energy weapon” is bad policy from Russian point of view, because it reduces the incentive to do business with Russia in other sectors. After oil prices’ peaked in 2008 Russia tried to modernize its economy by reducing the country’s economic dependence on natural resources. The modernization policy has softened Russia’s foreign policy. This has increased the prestige in doing business with Russia and has strengthened Russia’s credibility. A politically and economically strong and steady Russia is crucial for world geopolitical stability and peace.

End notes

1 All these three regions are vital for Russia’s energy and foreign policy. It has been estimated that one fourth of the world’s undiscovered hydrocarbon resources and strategic sea route for energy transports exists in the Arctic region (Circum-Arctic Resource Appraisal: Estimates of Undiscoverd Oil and Gas North of the Arctic Circle 2008). Also the role of the Central Asian and Caucasus states as a non-OPEC and non-Russian oil and gas producer is strategic; however these countries are dependent on Russian energy transport infrastructure i.e. pipelines. (Palonkorpi 2007, 57.).

2 CIS= Commonwealth of Independent States.

3 In the High North under Arctic Council and Barents Euro-Arctic Council, in the East Asia, Central Asia and Caucasus regions under Shanghai Cooperation
Organization, Common Security Treaty Organization and Eurasian Economic Community.

References


