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The Rise of Energy to the Top of the EU-Russia Agenda: From Interdependence to Dependence?

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Over the last decade we have witnessed an increasing politicisation of the energy discourse. Today energy relations of the EU are framed in terms of excessive dependence on Russia, qualifying the latter as a security threat. This article puts forward four criteria to define energy relations in security terms: supply vulnerability of the EU, the absence of Russian demand dependence, the dominance of energy over other capabilities, the willingness to link energy to foreign policy objectives. Little support is found to define the dependence on the import of Russian energy resources as a security issue. An alternative explanation is given, attributing growing energy concerns to shifting identities and perceptions in EU-Russia relations, which have contributed to understanding energy relations in competitive and geopolitical terms. Russia has developed a more assertive energy diplomacy, while in the EU sensitivity over energy dependence has grown as a result of changes on the global energy market and of the 2004 enlargement.

The popular BBC show 'Have I got news for you?' opens with an animated cartoon that features a grim Russian soldier, sitting on a pipeline, cutting off gas supplies to Europe. Images like this, as they pop up regularly, tell us something about the dominant perception about European dependence on Russian energy. Both the media discourse and the political discourse have undergone a drastic change. While Russia was in the 1990s perceived as weak, it is currently increasingly framed as a powerful state. Today its increasing power and the control over energy resources are perceived as

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a source of threat. In other words, Russia's strength is posing a threat, no longer its weakness. In a similar way, the understanding of EU-Russia relations in terms of asymmetrical interdependence in favour of the European Union (EU) has been replaced by one of heavy dependence of the EU on Russia. The bear holds it finger on the electricity switch of the EU. At any time it may decide, for political reasons, to cut off energy supplies to Europe.

This article raises the question to what extent this shift in perception is fully supported by the facts. The first part retraces how the energy argument permeated the European political discourse. How did the energy issue get politicised? How was dependence transformed into a security issue? Second, it explores the facts and data underlying the perceived energy dependence. Do the facts support a radical change of the discourse? The article determines a number of criteria for the label energy security. Finally an alternative perspective is proposed. Energy dependence is situated in a broader evolution of EU-Russia relations characterised by shifting identities and perceptions of growing competition.

To explain the gap between material changes in energy relations and the perception of radically increased energy insecurity, we use the theory of Jervis about perceptions of decision makers. Drawing on Harold and Margaret Sprout,[1] Jervis makes a distinction between 'the "psychological milieu" (the world as the actor sees it) and the "operational milieu" (the world in which the policy will be carried out)'.[2] Images and beliefs appear as intervening variables mediating between 'reality' and policies. Decision makers are confronted with a complex environment. They will reduce the complexity of this environment through several psychological mechanisms. Trying to avoid cognitive dissonance, they will select or interpret information in function of pre-existing images or beliefs. As a result, they are inclined to see what they expect to see. This reduces the rationality of their decisions, but also reinforces existing beliefs and images. According to Jervis's two-step model, we first need to examine the perceptions of decision makers as an immediate cause of their behaviour. Second we need to understand how these images have come about. In doing so we need to look at environmental (e.g., ascribed intentions), as well as internal dimensions (e.g., energy nationalism). It will be argued that the shift to a political discourse of energy dependence and security is the result of changed images and beliefs both within the EU and in the environment.

Jervis's approach predates, but has certain elements in common with, thin constructivism, arguing that the material world is not out there, ready to be grasped, but that it always requires interpretation and meaning-giving.[3] Whereas social processes are central to this meaning-giving in the constructivist frame, Jervis emphasises psychological processes of individual decision makers. Several authors have developed arguments on the energy debate along constructivist lines. Hadfield, for example, states: 'The value

placed upon a resource like oil is as much a social construction as a market indicator.'[4] Broadening Jervis's approach to include social processes, we will claim that the increasing tensions over energy are the result of the discursive reframing of Russian and EU identities, more than the result of the sudden appearance of a situation of insecurity.

ENERGY RELATIONS BETWEEN THE EU AND RUSSIA: THE SHIFTING EUROPEAN DISCOURSE

German Foreign Minister Steinmeier stated in a speech in 2006: 'Ten years ago anybody talking about "energy foreign policy" would probably have had to explain what they meant. Today, concerns about primary stocks – and not just of oil and gas – are altering the balance of power around the globe. Alliances and counter-alliances based on energy issues are gathering their own dangerous momentum. A collision between the global thirst for resources and world public policy is increasingly likely. Our energy, foreign and security policy must face up to these challenges.'[5]

This quote reflects very well the evolution from an economic or commercial discourse on energy in the 1990s to a political discourse. Increasingly, issues of energy supply and transit are framed in terms of dependence and security. Pipeline routes are interpreted in terms of geopolitical and strategic interests. A similar evolution can be traced in the European discourse on energy relations with Russia. Within the European Union references to (inter)dependence in energy relations with Russia were rare. A good case in point is the EU Common Strategy on Russia of 1999.[6] Apart from a single reference to interdependence 'in a large number of areas' and one reference to the security of supplies, the whole Strategy is based on an assumption of Russia's weakness and instability. Energy relations are not framed in competitive terms, but the emphasis is rather on 'helping to make Russian . . . energy sectors competitive', suggesting if not Russia's dependence on the EU, then at least an asymmetrical interdependence to its disadvantage. Throughout the 1990s the discourse was mainly an economic one. Energy was not connected to political issues.

It was the Green Paper of 2000 that put energy on the agenda in terms of dependence and security. While member states tended to be protective of their sovereignty over energy policy, the European Commission pleaded for 'a long-term strategy for energy supply security'.[7] It is stated: 'Adopting a policy of geopolitical diversification has not been able to free the Union from effective dependence on the Middle East (for oil) and Russia (for natural gas).'[8] A long-term partnership with Russia is singled out as the most optimal solution, complementing the diversification policy – a message that is repeated in the 2006 Green Paper on energy.[9] In the European Security Strategy[10] of 2003, reference is made to an 'increasing dependence – and

so vulnerability' in the field of energy. 'Energy dependence is of special concern for Europe. Europe is the world's largest importer of oil and gas. Imports account for about 50% of energy consumption today. This will rise to 70% in 2030.'[11] The paper on external energy policy prepared for the European Council in June 2006 speaks explicitly about decreasing dependence and creating 'new energy corridors'.[12] The Second Strategic Energy Review of 2008 puts forward three core objectives of the EU's energy policy: security of supply, sustainability and competitiveness.[13] The term energy security appears very frequently in the document, but overall the discourse remains rather prudent, putting a strong emphasis on legal, institutional and multilateral approaches. The document speaks of energy interdependence rather than dependence.

This is confirmed in other EU energy documents. The Commission's Communication of 2006, for example, states: 'Russia seeks ways to secure energy demand presented by the EU market. The EU needs Russian resources for its energy security. There is a clear interdependence.'[14] Also External Relations Commissioner Ferrero-Waldner stated: 'The security of energy supply and demand is a key component of our relationship [with Russia]. EU Member States are major buyers of Russian energy products and this is unlikely to change in the short to medium term. But the relationship is one of interdependence, not dependence.'[15] More than suggesting ambiguities in the EU discourse, this should be understood as diplomatic language. When analysing how meaning is given to the word interdependence, it is clear that in EU-Russia energy relations interdependence is to be understood as asymmetrical interdependence.[16]

Within the new member states, the discourse tends to be more assertive, favouring a tougher stance on Russia. Some member states are quite explicit in coining dependence on Russia as a security threat. Countries like Poland or Lithuania link energy security more explicitly to reducing dependence on Russia,[17] though they are also concerned about a lack of EU solidarity. Poland, for example, has issues not only with Russia, but also with Germany, for the special energy relationship it has established with Russia.[18]

Interestingly, the politicisation of the energy discourse was to a large extent initialled outside the EU. The Clinton administration in particular took a very geopolitical approach to the construction of new pipelines.[19] This was most visible in the Baku-Tbilisi-Ceyhan pipeline project, which explicitly bypassed Russia. Sheila Heslin, an important advisor to Clinton, defended the Baku-Ceyhan pipeline in geopolitical terms: 'The United States simply cannot afford to allow Russia and Iran to dominate the energy resources of the Caspian, with the enormous political leverage that would confer in the region and even in Europe. . . . Increasingly, the Caspian region is emerging not only as a critical component of Western energy security, but also as a linchpin in the evolving balance of power in Eurasia, Asia and the Middle East.'[20]

After the gas crisis between Russia and Ukraine in 2006, the Bush administration put energy security, with a more narrow meaning, on the agenda of NATO.[21] In a speech in 2008 Secretary-General de Hoop Scheffer states that 'energy security is too important to be left only to market mechanisms'. 'NATO can and should act as a catalyst in persuading our countries to take a more strategic look at energy security and to develop a more collective approach.'[22] Fears were further reinforced by the gas crisis of 2009, when gas cuts in the first weeks of January caused important shortages in several EU member states. Even if there was much unclarity about responsibilities, the image that the EU was at risk was further reinforced. Also the war between Russia and Georgia in 2008 was understood by many in terms of geopolitical control over pipelines transiting energy resources from the Caspian Sea Region.

In sum, we have seen an increasing politicisation of the discourse on energy relations. Statements about energy relations have moved away from a pure economic approach to the interpretation of decisions in a geopolitical and strategic way, stressing issues of dependence and security. This has contributed to a logic according to which EU-Russia relations are interpreted in competitive geopolitical terms. A study on energy security and geopolitics, prepared for the European Commission, distinguished between two scenarios. One, called 'markets and institutions', provides a further growth of an international energy market, governed by multilateral institutions and cooperation. According to the alternative pessimistic scenario, 'regions and empires', the world is divided into different blocks competing for markets and resources. The study concludes 'that the developments seem to be more in line with a Regions and Empires approach'.[23] The report pleads to make energy an integral part of the Union's Common Foreign and Security Policy (CFSP) and trade policy, using the tools of 'prevention, deterrence, containment and crisis management'.[24] What the study fails to address, however, is how perception matters: an energy security policy is created in function of the image of energy relations decision makers hold.

DEFINING 'ENERGY SECURITY': IS ENERGY DEPENDENCE SUPPORTED BY FACTS?

The EU's relations with Russia are increasingly qualified in terms of dependence. As a result energy relations got politicised: they were no longer understood in commercial or economic terms, but in geopolitical terms. As indicated above, the energy dependence on Russia is increasingly perceived to be so substantial that it forms a potential security threat for the EU and its member states.[25] This part outlines four criteria to define energy relations in terms of an energy security problem. The criteria are derived from Keohane and Nye's view of power and interdependence[26] and of

Barnett and Duvall's taxonomy of power.[27] Keohane and Nye approach asymmetrical interdependence as a potential source of power, but state: 'There is rarely a one-to-one relationship between power measured by any type of resources and power measured by the effects on outcomes. Political bargaining is the usual means of translating potential into effects, and a lot is often lost in the translation.'[28] Equally they recognise that there is an 'absence of hierarchy among issues'.[29] To understand the role of dependence as power resource in a situation of relational power, as in the case of EU-Russia relations, it is crucial to integrate perception. The concept of power and security are not only function of how power capabilities are perceived, but also of the perception of the willingness of a state to use these capabilities to achieve foreign policy goals. The framework is thus one of understanding power as a multidimensional phenomenon,[30] without a clear hierarchy of issues and a crucial role to be played by perception, determining how sources of power are selected and given meaning.

From this, we derive four criteria which arguably may justify the definition of EU-Russia energy relations in terms of a security issue. First of all, there needs to be real dependence vulnerability. Second, energy security implies a high degree of asymmetrical interdependence. This implies the absence of demand dependence on the Russian side. Third, energy dependence needs to occupy a dominant place in the hierarchy of issues in the given context. Finally, there needs to be a political will to make use of the energy 'weapon'. The four criteria will be explored systematically.

The EU's Supply Vulnerability

According to Keohane and Nye interdependence occurs 'where there are reciprocal (although not necessarily symmetrical) costly effects of transactions'.[31] They distinguish between two dimensions: sensitivity and vulnerability. 'Sensitivity involves degrees of responsiveness within a policy framework – how quickly do changes in one country bring costly changes in another, and how great are the costly effects?'[32]

Vulnerability, on the other hand, refers to the costs after a certain period of time and is determined by the availability of alternatives: 'Vulnerability can be defined as an actor's liability to suffer costs imposed by external events even after policies have been altered.'[33] In other words, a country will only be vulnerable if it has no escape route, no alternatives on offer. In our case, the EU is vulnerable if it cannot find alternative oil or gas supplies from other countries than Russia or transiting Russia. The policy of energy diversification is precisely aimed at reducing vulnerability.

Importantly, there is a fundamental difference between oil and gas. As Goldthau[34] points out, oil cannot really be used as an instrument of power. 'Most crude oil is traded on the global market and, unlike gas, is brought to the consumer via a variety of routes.'[35] The only way to use oil as an energy weapon is through the formation of a cartel of oil exporting countries, as in

the case of OPEC, of which Russia is not a member. Gas, on the other hand, is mainly transported via pipelines. Alternatives, such as Liquefied Natural Gas (LNG), are very expensive. As a result gas is embedded in longer term bilateral contractual relations between suppliers and demanders. One complicating factor is that of transit countries. Gas pipelines pass through third countries, therefore requiring multilateral agreement.[36] Around 78 percent of the gas deliveries to the EU is transiting Ukraine.[37]

Although it is not the aim of this article to analyse energy trade between the EU and Russia, a few issues need to be underlined.[38] First, the EU is no doubt to a considerable extent dependent on Russian energy. Russia holds the world's largest gas reserves and is the most important supplier to the EU. Russia supplies around 40 percent of EU gas and 30 percent of EU oil. For gas this number has come down from 50 percent in 2000 to 40 percent in 2008. For oil, on the other hand, there has been an increase from 22 percent in 2000 to 30 percent in 2008.

Second, the sensitivity and vulnerability is highly differentiated within the EU. Before the enlargement of 2004, the average dependence of member states on Russia for its gas imports was around 25 percent. Among the new member states, however, the average dependence is around 74 percent. Discrepancies among the EU states are huge. Among the old member states, Finland is the only country being fully dependent on Russian gas, while several other states do not import gas from Russia at all. Among the new member states, Estonia, Latvia, and Lithuania are fully dependent, while Bulgaria and Slovakia are highly dependent. Malta and Cyprus do not import gas from Russia. The average dependence of EU individual states on Russian gas rose from 25 percent before to 47 percent after enlargement. The average dependence of the fifteen old member states has not changed substantially. This suggests that the change to a discourse of energy security cannot be explained by a rise of overall energy dependence in real figures. Rather there is a higher number of countries which are sensitive to Russian gas imports.

Russia's Demand Dependence

There is a paradox about energy dependence: 'A normal view of international power politics and related issues of economics is that an energy supplier will hold tremendous power and influence over an energy user. . . . But the opposite can also be true, as the user acquires power and influence over the supplier.'[39] Applied to our case, in the same way as the EU is dependent on Russian energy supplies, the Russian Federation is dependent on demand from the EU. In general economic terms, the Russian economy is considerably dependent on the EU economy for its export, of which 60 percent goes to the EU (60 percent of which is energy). In the hypothetical case where trade between the EU and Russia would come to a complete standstill, the Russian economy would simply collapse. As to energy export, about 70 percent of Russian gas goes to the EU. For this export, there is

no immediate alternative. First of all, because exporting to new markets requires expensive new pipelines and advance planning. Second, a lot has been invested in the construction of gas pipelines to the EU. Cutting off gas for European customers would thus imply serious losses. As a result, there is no short-term alternative for exporting gas to the EU. The infrastructure to export gas to China, for example, is lacking.[40] Furthermore, 'several of the high profile energy contracts between China and Russia, including the much debated Altai gas pipeline, have been put on hold.'[41]

On top of this, exploiting the supply-dependent position of a third country is likely to lead to counter strategies that may fundamentally change the existing relation of dependence. The EU's policy of energy diversification is an attempt to alter the energy interdependence. The stability of demand creates worries for Russia. The most recent Foreign Policy Concept mentions that the reliability of energy supplies 'should be consistently supported by forthcoming activities aimed at ensuring stability of demand and secure transit.'[42]

Energy Dominates the 'Power Agenda'

To qualify EU-Russia relations in terms of energy security also implies that energy is the dominant factor determining their interaction. It implies that energy takes a dominant position in the hierarchy of power sources and that bargaining happens predominantly in function of the 'great game' of energy. Limiting our analysis here to power in terms of capabilities, there are several reasons to cast doubt on this. On other capabilities, the Russian Federation scores weakly. Military spending in the twenty-seven EU member states combined is about one fifth of the world's expenditure and according to estimates seven times the military expenditure of Russia. The United Kingdom, France and Germany individually spend more on military affairs than the Russian Federation.[43] Moreover, most EU states are members of the world's strongest military alliance, NATO. The EU's economy is about fifteen times the size of the Russian economy. Even with growth figures around 7 percent just before the financial crisis, the Russian economy in 2007 was back to its level of 1991 only.[44]

Also in political terms, Russia is dependent on the EU. To a large extent the foreign policy of Russia can be explained by its fear of political isolation. After the collapse of communism Russia actively sought the acceptance of the West.[45] It wanted to be recognised as a great power, albeit a 'normal' great power.[46] To be acknowledged as an important power in the international community, Russia is dependent on recognition by the West, including the European Union.[47] The enlargement of NATO – and to a lesser extent the EU – have only increased Russian fears of isolation, though also triggered a more assertive language. Even if the fear of isolation is less strong

than in the 1990s, President Medvedev confirmed in several interviews that avoiding isolation remained a key principle of Russian foreign policy.[48] Russia's dependence on the EU is thus twofold: for its export and to avoid isolation.

Questions have also been raised about the sustainability of Russia's strong energy position. First of all, there are doubts about the quality of Russia's upstream energy infrastructure.[49] Goldthau goes as far as to state that, if the EU needs to be worried about something, it is not about Russia cutting off gas, but it is about Russia being unable to sustain its future production. In the oil sector the required investments are estimated between US$240 and 400 billion by 2030. In the gas sector investments are estimated at US$17 billion per year or US$374 billion by 2030.[50] In the latter, the Gazprom monopoly and its foreign activities may turn out to be an obstacle. The company has committed itself to only part of the investments.[51] Private companies would make up for the difference, but the dominance of Gazprom gives them few incentives to do so. Moreover, recent restrictions on the foreign ownership of oil and gas assets reduce the inflow of foreign investments. Though the Russian authorities are concerned 'that Russia maintains a leading and stable position on energy markets in the long term'[52], most references to energy in Russian discourse do refer to internal issues. In particular there are concerns about the infrastructure and the lack of refinement capacity. Also sustainability is a concern, translated into proposals to set up a fund to reduce the economic risks by the potential drop of energy prices on the world market.

Second, we have seen a sharp increase of energy prices throughout one decade, from around US$12 a barrel in 1998 to US$64 in 2007 and peaks well over US$120 a barrel in 2008.[53] It is estimated that between one third and two fifths of Russia's economic growth has to do with rising energy prices.[54] Government revenues increased enormously: 'every $1 rise in the price of a barrel of oil represents a $1 billion in Russian government receipts'.[55] However, as a result of the worldwide financial crisis in 2008, prices have radically dropped. This indicates another vulnerability of the Russian economy.

Willingness to Use Energy as a Political Instrument

Power, however, is not simply the sum of different capabilities. If we understand power from a relational perspective, the will to use certain capabilities to achieve political objectives in a particular area becomes crucial. The question thus becomes to what extent and for what political purposes Russia uses its dominant energy position. 'On its own, Russian energy dominance is a *necessary* but insufficient explanation for alleging that energy is a tool of Russian foreign policy. The addition of an external *political* goal however represents a *sufficient* factor.'[56]

Russia has demonstrated its willingness to use energy for foreign policy goals in its relations with former Soviet republics – in contrast to its relations with the EU. This is done in two ways. First, through pricing: different energy prices apply for different countries. Russia has used energy prices as a sanctioning mechanism to reward or punish former Soviet republics. However, partly under pressure from the EU and the World Trade Organisation (WTO), but mainly driven by Russia's ambition to maximise profits from energy sales, we have seen an incremental adaptation of Russian energy prices for CIS (Commonwealth of Independent States) countries to market level, even for close allies such as Armenia. Second, Russia has tried to keep control over energy resources in Central Asia and the Caspian Sea basin by control over transit. For example, through a deal with Central Asian countries to build an East Caspian coastal gas pipeline, it has guaranteed transit of gas from this area to Europe over Russian territory.[57] Frequently Russia has gained partial control over energy infrastructure by debt-for-equity deals.

Since late 2004 there has been an increasing number of incidents between Russia and Ukraine. The reasons for the mounting tension were complicated. They had to do with a mix of political developments, notably the Orange Revolution in Ukraine, and commercial issues. Ukraine was itself benefiting from low, subsidised Russian gas (around US$50 per thousand cubic metres), while it wanted to charge European-level transit tariffs for the EU market where non-subsidised gas prices were almost five times higher, US$230.[58] Russia wanted to upgrade gas prices to market prices. The tensions would exacerbate and result in Gazprom cutting off gas supplies to Ukraine on 1 January 2006 for a few days. Though it remains unclear why exactly,[59] the shutting down of pipelines would disrupt supplies to a number of EU countries. The symbolic effect of this was tremendous: it 'transformed the understanding of gas spat tactics into a broader strategy of using energy leverage as a form of foreign policy to bring about a change in behaviour of another actor'.[60] The gas crisis in early 2009 was even more protracted. Different from the previous conflict, however, fingers less readily pointed in the direction of Russia.

Overall, the supply crises of 2006 and 2009 seemed to suggest a close link between political objectives and supplying oil and gas. However, a few remarks need to be added. First of all, there are no instances of disruption of energy supplies to EU countries directly. This can be explained by the much higher dependence of CIS countries on Russia, allowing the latter to act in more coercive ways. With the EU, on the other hand, Russia's policy has been predominantly pragmatic, trying to avoid tensions escalating and fundamentally jeopardising relations.[61]

Second, the use of energy as a weapon is 'rather blunt'[62]. It mainly functions as a deterrent, but is not well fit to achieve precise targets. Moreover, it requires the continuous balancing of energy as source of income versus energy as an instrument for political leverage. No use of the energy 'weapon'

comes without costs for the one using it. Third, as demonstrated in the part on the European energy discourse, the politicisation of energy is older than the Russia-Ukraine energy crisis of 2005–2006. A few years earlier, in the European Security Strategy energy had been defined in security terms.[63] Moreover, pipeline trajectories were designed in such a way that they would bypass Russia.[64]

Does the limited support for the four security criteria mentioned imply that Russia's energy resources, combined with the global rise of prices, have not enhanced the power position of the country? Of course not, but power is a complex, multi-dimensional phenomenon. Barnett defines power as 'the production, in and through social relations, of effects that shape the capacities of actors to determine their circumstances and fate'.[65] Power is not just the sum of a country's capabilities. It is also a function of the will to use these capabilities in particular circumstances against a particular adversary to achieve a particular goal. Finally it is also a function of the perception and of the structural characteristics of the bilateral relations. If the adversary does not perceive your capabilities or your willingness to use them, they may have no effective impact until the point where they are actually used. The next part will therefore situate the energy security debate in the evolution of EU-Russia relations in general. By focusing on constitution of identities it will shed a different light on the current energy security debate.

AN ALTERNATIVE PERSPECTIVE: EU-RUSSIA RELATIONS AND SHIFTING IDENTITIES

One of the important findings of the previous part is that the discourse framing EU-Russia relations in dependence and security terms is not fully underpinned by substantial changes in the 'material' world. The feeling of insecurity in the EU has drastically increased, but this is not matched by a proportional increase in energy dependence on Russia. In order to explain this gap we use Jervis's theory on the interaction between the operational and psychological milieu – as outlined in the introduction – and broaden it to include social processes. We claim that the increasing tensions over energy are mainly the result of the discursive reframing of Russian and EU identities in interaction with various material changes. The core argument is that the perception of EU-Russia relations has clearly been increasingly reframed in competitive terms, mostly in zero-sum competitive terms. Self-evidently perceptions have mutually constituted and reinforced each other. Let us look at mutual perceptions in further detail.

Throughout the 1990s Russia-EU dynamics were to a large extent based on identities of the EU as affluent, stable economic player and Russia as a weak player, trying to find its place in a Europe of which the map was drastically redrawn. The EU was mainly in the lead of policies that

would accommodate Russia, without integrating it. Russia was afraid of isolation and was therefore, in particular during the first half of the 1990s, anxious to express its good will and demonstrate its cooperative attitude with the West. By the end of the decade, this starts changing radically. Partly on the basis of the 1998 financial crisis, there is growing perception in Russia that national interests are damaged intentionally. The National Security Concept of 2000 stated: '. . . the efforts of a number of states to weaken Russia's position in the political, economic, military and other fields are being activated. The attempts to ignore the interests of Russia when resolving prominent problems of international relations, including conflict situations, are capable of undermining international security and stability . . .'.[66] The year 1999 functioned as a watershed, which – though not immediately altering policies – would change images and beliefs. Three things happened in a short-term span that would radically change perceptions in Russia. First, NATO extended to the East, with Poland, the Czech Republic and Hungary joining the Alliance in a first round of enlargement. Simultaneously with NATO 'absorbing' these three former satellite states of the Soviet Union and becoming a neighbour of the Russian Federation, the Alliance adopted its new Strategic Concept, allowing NATO to operate outside its territory. This was followed by a third event, the Kosovo crisis. NATO decided to intervene unilaterally against Serbia, without UN mandate and without involving Russia, after all still the biggest military power in Europe. According to Light et al., the events of 1999 forged a new consensus among the Russian elite about the need for a more assertive defence of national interests and undermined the position of the liberal Westernisers.[67] This increasing sensitivity would not affect pragmatic policies but triggered an increasingly assertive foreign policy discourse, affirming Russia's position as a great power. Russia's increasing reluctance to join EU-directed projects was a sign of this shift. At a late stage Russia decided not to join the European Neighbourhood Policy but insisted on recognition as an equal partner of the EU. Mutual irritation slowly grew and culminated in late 2004. As a result of the Orange and Rose 'revolutions', Moscow faced unwelcome regime changes in Ukraine and Georgia. All this reinforced the perception that Russia was losing its influence over former Soviet states after it had 'lost' the satellite states in Central and Eastern Europe. This was framed in competitive terms: Western intelligence services (in particular American and British) were held directly responsible for the regime changes. Events in Kirgistan in February–March 2005 seemed to confirm this. The activities of Western energy companies in the Caspian Sea area were understood in a similar light. The change in discourse became apparent in Putin's phrasing of the collapse of the Soviet Union as the 'major geopolitical disaster of the century'.[68] EU statements about Chechnya or the state of democracy in Russia were portrayed as interference in domestic affairs and the result of double standards.[69]

As pointed out in the first part, there is a certain duality of discourses on the side of the EU. Especially the new member states from Central and Eastern Europe plead for a more critical stance towards Russia. Also at EU level, however, there are clear signs that overall perceptions have radicalised. Ferrero-Waldner, for example, spoke of 'Russia's drift to a bloc mentality' and 'a zero-sum attitude to cooperation with the European Union in [its] New Neighborhood Countries'.[70] I argue that the shift in the EU perceptions follows as much from internal as from external changes in the 'operational milieu'.

Externally, rising energy prices and demands on the world market have altered the power relation between the EU and Russia and have pushed concerns about energy dependence to the top of the agenda. Russia, however, is no longer the weak player of the 1990s. Not only has it grown stronger, but it has especially repositioned itself in international affairs in a much more assertive way. This had important consequences. First this created a fertile ground for perceptions of threat that had in any case grown stronger as a result of the 2004 enlargement. Second, the instruments that had been designed in the 1990s in a context of Russian weakness and willingness to engage in Western initiatives did not seem to work in the new setting. This is most notable in the case of the Energy Charter Treaty of 1994, which had been designed to extend EU principles of energy liberalisation to wider Europe. Reasserting its international position after 1999, Russia found this (in particular the liberalisation of transit) incompatible with its national interests and refused to ratify the treaty. The EU had to look for different instruments, such as the EU-Russia Energy Dialogue – suggesting a greater formal equality of partners.

Internally, the EU's perception of dependence and threat is reinforced by its own dividedness. To put it differently, the EU has 'allowed' energy to become one of the most divisive issues within the organisation.[71] The accession of new member states has increased the sensitivity about Russia in general and about energy dependence in particular. The dependence of some individual countries on Russian energy, however, is huge – in the gas sector even complete for some countries. Some states have discourses which are strongly coloured by the fear of seeing their sovereignty threatened. As indicated above, however, the *overall* dependence of the EU is not as big as suggested. If the EU were able to act collectively, this would reduce perceptions of dependence. Russia has so far quite smartly played out EU member states by striking bilateral deals which would ignore or bypass other EU countries. In the case of the Nord Stream pipeline agreement, a deal was made directly with Germany, ignoring Poland. In the case of the South Stream pipeline, a separate deal was made with Bulgaria which rivalled diversification plans associated with the EU-supported Nabucco project.

Dividedness, however, is not only a matter of different degrees of dependence, geographic location and diverging historical views on Russia.

It also results from the different interests which have been generated by the EU's internal energy liberalisation policies. The internal disagreement about unbundling is reflected in foreign policy positions. Unbundling production and transmission, however, would allow forcing Gazprom to sell its stakes in pipelines on EU territory.[72]

Several events further hardened European perceptions of energy dependence. The alleged nationalisation of the energy business in Russia, the exclusion of Western companies from the Sakhalin 2 project, the stoppage of gas supplies to Ukraine in 2006 had a very powerful effect on European perceptions, rendering the discourse on a threatening energy security problem dominant. Again, stating the obvious, perceptions on both sides have reinforced each other and mutually constituted new identities in the energy relations. Politicisation of the energy discourse on both sides has substantially redefined EU-Russia energy relations. By thinking about energy transmission in terms of geopolitical interests, energy relations have been reframed in terms of a new 'great game' of pipelines.

CONCLUSION

This article started from the finding that there has been a drastic shift in the perception of Russia as a weak and dependent state in the 1990s to one of overdependence of the EU on Russia today. The latter is perceived to pose a threat to Europe by its substantial control over energy resources and transit routes. Regularly the dependence debate is framed in terms of energy security. Four criteria have been put forward to define dependence as an energy security issue: a strong supply vulnerability of the EU, the absence of demand dependence on the Russian side, the relative dominance of energy power over other capabilities, the willingness to link energy to foreign policy objectives. On the basis of these criteria we have found relatively little material ground to state that the high degree of dependence on energy imports from Russia has created a security problem for the EU. If one looks beyond energy as an isolated topic – i.e., when we do not make abstraction of other dimensions of EU-Russia relations – the impression is rather one of general interdependence with asymmetries in both directions in different fields.

Another explanation is thus required to explain the high prominence of energy on the EU-Russia agenda. Growing concerns about energy dependence were attributed to the shifting identities and perceptions in Euro-Russian relations in general. These have increasingly been reframed in zero-sum competitive terms, most notably in the field of pipelines, where geopolitical considerations have politicised energy relations. This can be explained on the basis of the interplay of the 'operational milieu' and the 'psychological milieu'. Rising energy prices enabled Russia, driven by the perception that its interests were intentionally harmed by the West, to

conduct an assertive energy diplomacy. The EU and its member states, on the other hand, became increasingly sensitive about energy. Tensions on the global energy market and Russia's more assertive foreign policy changed the environment in which the EU operated. Internal divisions further altered the EU's perceptions. Due to the 2004 enlargement, a higher number of member states held more radical views on Russia's intentions and insisted on a tougher stance.

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