A critical evaluation of the securitisation process of EU-Russia energy relations: actors, audiences, and consequences

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Some of the main ideas in this thesis have been presented in conference sessions, and I have also published two articles based on work done within thesis (Khrushcheva, 2011; Khrushcheva, 2012), which contributes to Chapters 2, 3 and 5.

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Abstract

Russia started to export hydrocarbons to Western Europe in the middle of the Cold War, and for a long time, despite their ideological differences, Russia was considered to be a reliable energy supplier. Starting from the early 2000s, EU-Russia energy relations were transformed from a mainly economic dimension to a political one. Currently, energy trade is seen as part of national security for both Russia and the European Union (EU). The central question of this study: is how EU-Russia energy relations have become highly securitised? This thesis approaches this problem from the perspective of a critical reading of securitisation theory. Following Balzacq (2005) and Fierke (2007), the securitisation process is de-constructed into the follows elements: securitisation actors (in Russia and in the EU), the speech act (negotiation of energy security to the audience), context of securitising (economic, political, and cultural), the consequences of securitisation, and the potential for de-securitisation. The thesis applies combination of quantitative and qualitative methods for data collection and analysis. The thesis uses an interpretive constructivist account and a methodology which integrates that theory with the specific methods of inquiry. It uses some quantitative analysis, but rests primarily on a qualitative approach consistent with its roots in the Critical Security Studies (CSS) literature.

The extensive analysis of EU-Russia energy relations demonstrates that the securitisation of energy relations resulted from a number of factors which are not necessarily directly connected with energy security. For instance, the Russian government securitises the energy sector because of its importance for Russian economic development and, consequently, its political stability. At the same time, the securitisation process within the EU is more complex and involves the clash between the supranational and national levels, and between the member states with different level of dependence on Russia. The national security and collective memory played an important role in the securitisation process in both Russia and the EU. For example, the media analysis demonstrated that the securitising actors use the shared knowledge to negotiate energy security threats to the audience. As a result of the securitisation process, both Russia and the EU have securitised energy policies and try to diversify energy demand and supply. This thesis demonstrates that the EU-Russia energy relations would benefit from managed de-securitisation and a move towards the international governance of their energy relations (via institutions and international

agreements). The thesis recognizes throughout that there are fundamental differences between the Russian government and the EU as energy policy makers; but at the same time there are sufficient similarities between the securitisation process in each that the theory can be applied to both. However, the aim is not to make comparative study of the similarities of the two institutional frameworks so much as to draw out the implications for energy security of their differences.

The thesis is original because it: (a) rests on a set of wholly original interviews conducted in English and Russian in a range of a range of countries and institutions; (b) deploys a distinctive critical reading of CSS in both its theory and methodology; (c) draws original conclusions from the research; and (d) suggests policy implications which follow from these conclusions.

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List of abbreviations

The EU	the European Union
The CIS	the Commonwealth of the Independent States
The CSS	the Critical Security Studies
bcm	billion cubic meters
ECT	Energy Charter Treaty
EEC	European Energy Charter
FDI	Foreign Direct Investment
OPEC	Organization of the Petroleum Exporting Countries
LNG	Liquefied Natural Gas
NATO	North Atlantic Treaty Organization
GUAM	Georgia, Ukraine, Azerbaijan, and Moldova
GUUAM	Georgia, Ukraine, Uzbekistan, Azerbaijan, and Moldova
CACO	the Central Asian Cooperation Organization
EurAsEc	the European Economic Community
GMT	Greenwich Mean Time

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Introduction

This thesis focuses on the securitisation of energy relations between Russia and the European Union (EU) and is based on the theoretical assumptions of Critical Security Studies (CSS). In particular, this work draws upon the critique of the Copenhagen School of Thought suggested by Balzacq (Balzacq, 2011; McDonald, 2008). The energy relations between Russia and the EU are complex due to their different understandings of energy security. This thesis looks at the problem of securitisation from different angles, looking at different securitising actors in Russia and the EU, the communication of security threats to the audience, and the consequences of securitisation on the overall state of the energy relationship between Russia and the EU.

The end of the Cold War has posed the urgent need for security studies to redefine the understanding of security, because the meaning of security as a concept has changed (Krause, *et al.* 1997: 223). CSS emerged in the 1990s as a part of critical theory in academic International Relations. It shifted the focus of security from the narrow realist definition of security from the military perspective to a wider range of threats. It is the securitisation process which transfers a particular issue into a securitised threat. Barry Buzan defines securitisation as "the negotiation of security act between the securitiser and the audience" (Buzan, *et al.* 1998: 26). Buzan, Waever, and de Wilde write that "the senses of threat, vulnerability and (in)security are socially constructed rather than objectively absent or present" (Buzan, *et al.* 1998: 57). The power to decide what is real in politics is crucial: "the ability to dominate the defining of reality is a step towards dominating politics" (Booth, 2007: 184). According to critical research traditions, "truth is always situated and implicated in relations to power" (Denzin, *et al.* 1998: 292). In other words, securitisation is the extreme point of politicisation (Fierke, 2007: 99). Chapters 2 and 3 demonstrate the high levels of securitisation of EU-Russia energy relations. The threats to be securitised are different depending on space and time. This thesis aims to de-construct the question of power and interests in energy security construction in EU-Russia relations. It is not enough to look at this problem from the traditional state-centric position. Despite the fact, that states play a crucial role in the decision-making process on energy related issues, the interests of other actors are important as well (energy companies, supranational institutions). Moreover, it is important to consider the impact of national identity on energy policies in both Russia and the EU.

Context

It was oil supply interruptions from the Middle East in the 1970s which demonstrated the key importance of access to energy resources at a time of growing energy consumption (because of growing world population and industrial development) (Paffer, 1980: 158) and demand which demonstrated the key importance of access to energy resources (Wionczek, 1983: 839). The events of 1973 and 1979 have changed the perceptions of energy availability (Paffer, 1980: 155). Some experts agree that it was the 1970s Oil Shocks which brought energy to the international security agenda (Ikenberry, 1986: 105). The two oil shocks which took place in 1973 and 1979, during the Cold War, demonstrated for Western energy-importers that "the probability of Soviet tanks rolling across the north German plain is much lower than the likelihood of an interruption of oil supplies" (Nye, 1980: 133). On the contrary, Western countries saw the opportunity to diversify their energy supply by buying oil and gas from the Soviet Union. Until that period of time, the USSR was not that interested in the export of energy resources to the international market. Soviet leaders who had to cover big expenditures internally and support allied states saw the opportunity in the energy market to gain income. Moreover, around the same time new large oil and gas fields had been discovered in Western Siberia (Baev, 2008: 18). Since then the Soviet Union, and after 1991, the Russian Federation has been a reliable energy supplier to the EU. However, in 2000s EU-Russia relations gradually became more securitised and politicized.

The global context of the late twentieth to early twenty-first century brought a new escalation of energy trade. Hydrocarbons are important for development of industry and they will retain their leading position in the near future, even considering the development of alternative energy sources and energy efficiency policies (Milov, 2008: 1). Energy availability became an important part of national security for many states because of the growing imbalance of access to energy resources throughout the world. For instance, Milov provides us with the following statistics: 12 countries (Russia and OPEC member-states) with only 6.5 per cent of global GDP control more than 80 per cent of the total proven hydrocarbon reserves. At the same time the countries producing 75 per cent of global GDP control only about 10 per cent of oil and gas (Milov, 2008: 1). This imbalance creates a feeling of insecurity among energy consumers, who are afraid for the future availability of energy resources and the possibility of energy producers exploiting the energy trade as a mechanism of foreign policy.

In the 2000s the Russian government was severely criticized for increasing control of the extensive energy reserves in the country and for using the 'energy weapon' to fulfill its foreign policy ambitions. Oil and gas sales have enabled Russia to build the Stabilization Fund, to support the social sector and to pay off its international debt. However, the early 2000s brought a new wave of securitisation to energy relations between Russian and the EU. The main reasons were: series of transit rows with Ukraine and Belarus (2006, 2007, 2009) (discussed in chapter 4), increased prices for the Commonwealth of the Independent States (CIS), and Russian ambitions to regain the great power status, by consolidating the energy sector under state control. Russian attempts to rebuild its economy using revenues from high hydrocarbon sales to the EU contradicted the Western pledge for liberalization of oil-and-gas markets and the reduction of levels of governmental interference. Chapter 3 demonstrates that the Russian government increased its control over the energy sector for domestic (political and economic reasons) rather than as a potential foreign policy tool.

Some experts (Proedrou, 2012: 8) agree that the energy sector is a part of national security in the majority of states, because of its influence on economic development. Because the energy sector is influencing all the spheres of state life, from the economic to the social, energy security is a priority for both Russian and European governments. For instance, the Energy Strategy of Russia for the period up to 2020 defines energy security as an important element of national security (Energy Strategy of Russia up to 2020). In 2007 energy security was also at the top of the EU agenda. There was even the idea of the creation of an 'Energy NATO' to ensure energy supplies in Europe (Goldthau, 2008: 687). Energy security can be defined as the adequacy of energy supply at a reasonable price, in other words energy should be physically available and its price should be reasonable (Haghighi, 2007: 14). Prices are considered to be reasonable if they "stop short of causing severe disruption of normal social and economic activity" (Deese, 1979 – 1980: 140). However, there are differences in the understanding of energy security between energy-importers and energy-exporters. For exporters it is mainly the security of demand (the guarantee of stable market demand on energy resources at fair prices) (Borovskiy, 2008: 12). For importers energy security is focused on the security of supply (Borovskiy, 2008: 13). Security of supply can be divided into system security and quantity security. System security is the guaranteed energy supply (through the structure of delivery systems, and quantity security is adequate

energy volumes, price and levels of diversification (Spanjer, 2006: 2890).

Russia and the EU demonstrate high levels of interdependence, since the EU is the main importer of Russia's energy. Self-sufficiency of the EU in energy consumption is gradually falling (in 1997-2007 the EU-area self-sufficiency in oil consumption declined from 24 per cent to 16 per cent, and in natural gas from 56 per cent to 40 per cent). As a result energy import requirements are rising. At the moment, the EU imports about half of its energy requirements and this will increase up to 80 per cent by 2030 (Proedrou, 2012: 57). Currently, Russia is providing the EU with one-quarter of its gas and 40 per cent of its total energy requirements (Tekin, *et al.* 2009: 339 – 340). The EU depends on three main energy supply regions, one of which is Russia, and at this moment it would be difficult for the EU to diversify its energy supplies (Tekin, *et al.* 2009: 352). However, it is important to mention that the EU member-states vary in the level of their dependence on Russian gas. Andreas Goldthau divided European consumers into two groups on the basis of their dependence levels on Russian energy supplies. The first is 'old' Europe, which is less dependent on Russia and imports less than half its requirements from Russia (Germany is the biggest consumer in this group with 46 per cent import share); the second group consists of the so-called 'new' European states, which are significantly more dependent on Russian supplies. For instance, the Baltic Republics, Poland and the Czech Republic import around two-thirds of their supplies from Russia (Goldthau, 2008: 687).

In its turn, according to various sources, 58 per cent of Russian oil exports and 88 per cent of its natural gas were destined for the EU in 2003 (Haghighi, 2007: 342). Exports to Europe are the main source of income for Gazprom, which has to maintain low prices on domestic gas market (European prices are 6 times those of Russian domestic prices). In 2003, 65 per cent of Gazprom's revenues were from European sales (Spanjer, 2007: 2891). Moreover, oil and gas exports together comprise around 15 per cent of Russian overall GDP (Tekin, *et al.* 2009: 340). The Energy Strategy of Russia emphasizes the importance for Russia to diversify the export routes to the north, east and south in order to lower its dependence on the European market (Energy Strategy of Russia up to 2020). These projects will take long a time to develop, which is why Russia is highly interested in the European energy market, since its loss would harm the Russian economy.

It is important to mention transit issues as an important element in energy security. Around 7 per cent of the world's energy supplies transit through the territory of third countries (Mironov, 2003: 153). In the case of gas, it would be especially difficult to diversify supplies because of the transportation limits: there must be a physical link between the producer and consumer with very little possibility for alternative routes (Haghighi, 2007: 13). Pipelines are the most effective way of gas transportation (for a distances of less than 3,500km), but due to the energy producer's lack of control of the pipeline on the territory of the transit state, there is a risk that the pipeline could be damaged, or the gas supply could be stopped or used for the needs of the transit state. The security of energy transit depends on every single element in the chain (producer, transit state, and consumer) (Mironov, 2003: 150-151). Around 95 per cent of Russian gas supplies transit through the territory of at least one country before reaching its consumers in Europe. Ukraine is among the most important transit states for Russian exports, because around 80 per cent of Russia's gas exports go through Ukrainian territory. This creates transit risks for both Russia and Europe (Spanjer, 2007: 2890).

Facility dependence is rooted in the former monopoly system of gas supply (Weisser, 2005: 2). Previously, up to the 1990s, there was a centrally controlled system of energy resource transportation not only in Eastern Europe but also in Western Europe. The post-Cold War geopolitical changes and creation of new transit states has led to the escalation of risks, including short cuts in energy supplies, commercial losses, transit disputes and political integration (Mironov, 2003: 151). These risks are the main reason for the alternative pipeline projects construction such as the Nord Stream pipeline under the Baltic Sea to minimize the dependence on the transit states. All this demonstrates the high levels of interdependence vulnerability (Keohane, *et al.* 2001: 35) between Russia and the EU. The vulnerability is connected to "the relative availability and costiveness of the alternatives that various actors face" in the interdependent relations (Rogerson, 2000: 421). In this case the less vulnerable actor will have more control over the situation and policy developments (Keohane, et al. 1973: 160).

Structural risks are also connected with the transportation limits mentioned above, especially in the case of gas, where the diversification of supply is limited due to the pipeline system of transportation and cost of the construction of new pipelines. Hellmuth Weisser

also connects the structural risks with the shifting role of government in guaranteeing energy security (Weisser, 2005: 2). Currently there are two main actors in energy sector: private companies and national ones, controlled by the government (Kokoshin, 2006: 26). The security of the old monopoly system of gas supply was guaranteed by the monopolist and supporting government. Recently, the system has changed to a more liberalized one (Weisser, 2005: 2). In the last 15–20 years a majority of governments have rejected the use of state energy companies (Kokoshin, 2006: 26). This means that "the responsibility for security of supply has shifted away from governments to the market players" (Weisser, 2005: 2). However, it is the large national companies who are taking the leading role in the better projects and competing for the new fields. Some countries are closed to foreign investment in the energy industry (for example Saudi Arabia and Mexico) (Kokoshin, A. 2006: 26). Some would argue that government should still control the energy supply, because the energy industry is of key importance for industrial development and the population's well-being in the majority of countries (Weisser, H. 2005: 3).

In Russia, the state has been blamed for 'repressions' of the private sector in the energy industry and its consolidation in state hands. However, it is important to remember that the private sector represented in the Russian energy production belonged to the so-called 'oligarchs' who established business on the basis of former Soviet enterprises and have been managing them in an extensive way by the exploitation of the old Soviet infrastructure, getting as much income for themselves as possible without either investing into the development of the industry or paying taxes (due to the failures of the Russian political system in the transition period) (Simonov, 2006: 78). In the 2000s, the Kremlin re-consolidated the energy sector under state control. According to the opinion of Russian leaders the income from oil and gas sales is the way for the reconstruction of economy. It is important to understand that Russia has a different understanding of security from the energy-importing states. The Russian understanding of energy security is presented in Chapter 3 in more detail.

Energy exporting states argue that international energy security is focused mainly on the interests of the energy consumers, in other words security of supply. Of course, the four groups of dependence risks which are described above are true for the security of demand as well. Any interruption in energy supplies threatens the interests of energy-producers as well

since it will lead to revenue losses. However, there are some other risks which threaten mainly the security of producers. Some OPEC experts argue that the focus on guaranteeing security of supply is negatively influencing security of demand, or the security of energy exporting states (Kokoshin, 2006: 32-33). It is expected that energy producers should have reserve capacities to ensure energy supplies in case of any kind of crisis (Kokoshin, 2006: 33).

Among other risks are market failure due to the interdependence between energy exports income and economic development of energy producing states. Countries where a lot of energy resources are located often focus their economy primarily on the energy producing industry, which creates dependence of economic development on energy prices. At the same time, some of the energy producing states keep energy prices at a low level for domestic consumers and use export revenues to subsidize the domestic sector, without reforming the economy to boost the development of other industries apart from energy (Mironov, 2003: 137). This phenomenon is known as the 'Dutch Disease'. This term appeared in the 1980s after the discovery of gas in the North Sea in 1970s (Enders, *et al.* 1983: 473). The example of the Netherlands and later of other resource-rich countries demonstrated the possibility of decline in the non-resource sector of a national economy as a result of increased wealth from energy sales (Oomes, *et al.* 2007). High revenues from energy exports endangers "the survival of the traditional export and import-competing industries and may even lead to de-industrialization" (Enders, *et al.* 1983: 473).

The Russian economy illustrates this particular problem. Energy is an important source of income for Russia, taxes from oil companies providing around 25 per cent of Russia's tax base (Jaffe, *et al.* 2001: 134). The Russian government is the biggest shareholder (51 per cent) of Russian gas monopolist, Gazprom, 51 per cent of whose revenues go to the Russian treasury. The state of the Russian economy is thus closely connected with the state of the energy market. For instance, the fall in oil prices in 1998 resulted in a fall in Russian revenue from oil sales, which in turn contributed to the serious downturn of the country's economy. Conversely, the rise in oil prices in 2000 resulted in an extra 70 per cent of revenue for Russian oil companies and accordingly an additional US$8.1 billion in tax for the Russian state (Jaffe, *et al.* 2001: 134). The Russian government sees energy sales as the main means of economic reconstruction. It is argued that the energy sector became the key to Russian economic reconstruction after Putin came to power in 2000. According to the Russian

government Russia's abundant raw material resources are the basis for the continued development of the Russian economy. It is the "extraction, processing and exploitation of mineral and raw minerals" (Putin, 1997) which can provide the essential material for Russia's economic growth.

The dependence of economic development on energy revenues creates additional pressure for the maintenance of high productive and extraction capacities in order to keep or increase money inflow from oil and gas sales. Even large fields of energy resources will sooner or later be exhausted. Fields to be developed are often located in difficult geological and climatic conditions, which make the production process more difficult and expensive. It means that energy – producers must constantly invest a lot into the development of new fields (Goldthau, 2007: 687). The maintenance of high productive capacities and their increase is very important, not only to meet the contractual conditions for existing customers, but also for new ones. Security of demand for energy exporting states as well as security of supply for energy importing ones is connected with the possibility of exports diversification. Russia would face significant difficulties if the EU were to re-orientate to other suppliers (even thought it would be difficult to do in the near future) or increase usage of alternative energy sources. That is why the question of demand diversification is a very important one (Kokoshin, 2006: 36).

Research question

The main research question in this thesis is: how is it that energy trade between Russia and the EU reaches such a high level of securitisation? To answer this research question, the thesis utilizes the assumptions of critical theory and CSS to see how the threats to energy security are constructed and what could be done to overcome the contradictions between Russia as energy-producer and the EU as energy-consumer in order to provide the ground for the further development of energy relations (de-securitisation). In particular, this thesis applies the securitisation theory based on the Balzacqian critique of the Copenhagen Theory. The securitisation happens on two levels: the level of agent and the level of act. To answer the research question, this thesis looks at the securitisation process at the level of agent by looking at Russia (Chapter 3) and the EU (Chapter 2), and the level of act (Chapter 4), and finally evaluates the potential approaches to de-

securitisation (Chapter 5).

The analysis presented in this thesis will fill a gap in the academic literature, which is often influenced by the personal background of the author (either pro-European or pro-Russian). The access to a wide range of published literature in both Russian and English languages, in addition to the choice of theory and methodology, and the opportunity to introduce the opinion of high-level officials in the field of energy policy both in Russia and in Europe will provide an original contribution to knowledge.

Aims and objectives

This research project aims to:

1. Evaluate and critique existing literature on EU-Russia energy relations.
2. Building on this critique, to explore the political securitisation of EU-Russia energy relations through empirical study, including extensive interview and qualitative analysis, based on the assumptions of critical theory (see below for more detailed explanation of the theoretical and methodological grounds of this research).
3. Evaluate the significance of this empirical analysis for an understanding of EU-Russia energy relations, giving an original account framed in a distinctive CSS approach.

Indicative Literature Review

The review of the existing literature is continued throughout the thesis. However, it is important to locate the thesis within the spectrum of the existing literature on EU-Russia energy policy. This section begins that task. Two extreme ends correspond with the two different definitions of energy security: energy security of supply and demand. Some of the Western authors look at the problem from the perspective of energy consumer and often label Russian energy policy as a threat to the European energy security (Baran, 2007). On the other side, some Russian authors approach the problem from the Russian perspective of an energy-producing state, and blame the EU of trying to impose European values on Russia without taking into consideration Russian interests (Simonov, 2006). Below are discussed examples of academic works, which are situated on the extreme ends of the spectrum. Zeyno Baran is one of these authors who claim that Russia uses the energy supplies as a political

weapon. In her article *EU Energy Security: Time to End Russian Leverage* she criticizes the EU for lack of unity in regards to energy policy towards Russia. She argues that: "Moscow is pursuing divide and conquer strategy of amassing bilateral deals with member states. This disunity allowed Moscow to preemptively block European attempts to construct transport routes for Caspian and Central Asian oil and gas that do not involve Russia" (Baran, 2007: 131). Keith C. Smith shares Baran's criticism of bilateral energy deals between Russia and the individual member states (Smith, 2007: 1).

Both Baran and Smith criticise the individual member states (in particular, Germany, Italy, and France) for securing energy deals with Russia on a bilateral level, in spite of the EU's attempts to develop common policy towards Russia. According to these authors Russia is bending the rules and negotiates the deals with the governments of the separate member states in order to increase the European dependence on Russian energy deals and sabotage the diversification projects. Marshall Goldman is another author, who shares similar views and writes about Russian energy policy as a political game. Throughout his book 'Oilopoly: Putin, Power and the rise of the new Russia' he claims that Russia tries to use dependence on Russian energy supplies as a lever in political dialogue with the EU. For instance, he compares Russian attempts to access the Asian markets to a blackmail strategy aimed to influence the EU. He implies that Russian negotiations with China ought to demonstrate to the EU countries that the amount of Russian gas available for the European market could be reduced due to the growing demand for it from the East (Goldman, 2008: 163). Moreover, he argues that not only is the EU vulnerable to Russian energy policy, but potential Asian customers as well. He writes that if China starts buying gas from Russia, Beijing "is likely… to find itself becoming as vulnerable as Europe to the possibility of political pressure and on occasion blackmail" (Goldman, 2008: 163). All of these authors see Russian energy policy as a part of Russian foreign policy. However, this approach is too simplistic: to understand the real motives behind the developments of Russian energy policy, it is important to take into consideration the other side of the story and to look at the potential threats and risks to Russian energy security as well.

Russian authors situated on the opposite end of the spectrum often explain the EU-Russia energy relations differently from the European ones. For example, both Simonov and Rahr acknowledge the high levels of governmental interference into the energy sector.

However, they present the close interconnection between the state and the energy sector as a necessity for the economic development of Russia. Simonov argues that Russia's energy policy is not an attempt to use energy sales as a political weapon, but an attempt to use the energy reserves to benefit the economy (Simonov, 2006: 233). Simonov argues against the criticism of the dependence of the Russian economy on the energy sector. He says that "energy reserves are an advantage, rather than a disease" (Simonov, 2006: 233). However, not all Russian authors share this opinion. For instance, Andrej Kokoshin expresses concerns about the high levels of dependence of the Russian economy on raw resources (Kokoshin, 2006: 50). Moreover, he argues that it is extremely important for Russian energy security to diversify its energy supplies and open up the Asian markets more in addition to the European one (Kokoshin, 2006: 50). Most of the authors, including Anton Olejnov are concerned with the decrease in oil and gas production and the depletion of the major gas fields (Olejnov, 2008: 432). Despite the fact that Russian authors voice similar concerns to the ones expressed by the Western European sources (investment problem, depletion of the oil and gas reserves), they rarely criticize Russian foreign energy policy. For instance, the Russo-European academic discourse on the issue of the Energy Charter Treaty (ECT) is almost as intense as the political one on the same issue. For instance, Alexander Shkuta argues that the ECT is beneficial only for the energy consuming states, but has mainly negative implications for Russia. He is mainly critical of the Transit Protocol and says that its ratification would result in the reduction of the Russian share of the European energy market (Shkuta, 2008: 163). This opinion is shared by other Russian authors, including Yurij Borovskij and Tatjana Romanova. Borovskij writes that the Energy Charter could benefit the EU-Russia energy relations if some of its provisions could be revisited (Borovskij, 2008: 198). Romanova expands on this by saying that it is important for the EU not to try to impose its values on Russia, but work together as partners to achieve the compromise (Romanova, 2008). European authors take different approaches. For example, Amelia Hadfield (2012) writes that Russian criticism of the ECT is based on the misinterpretation of the ECT provisions. This thesis looks at the ECT in more detail in Chapter 2.

Among the authors who are trying to approach the EU-Russia energy relations in a more balanced way are: Jonathan Stern, Pami Aalto, and Andreas Goldthau. Goldthau takes a more cautious position on Russian energy policy as compared to the Western authors

described earlier. His earlier article *Rhetoric versus reality: Russian threats to European energy supply* could be considered a response to authors such as Smith and Goldman mentioned above. In this article Goldthau critically evaluates the myths about Russian threats to European energy security (Goldthau, 2008). Among other things, he argues that the level of the European dependence on Russian energy supplies is over-emphasised considering that Russia is even more dependent on the European energy market. He acknowledges that energy policy is a part of Russian foreign policy, but says that "Russia is simply following a path that the United States, Japan and a number of European countries once took" (Goldthau, 2010: 25). He explains the Russian government's support to "Gazprom's expansion strategies abroad" (Goldthau, 2010: 31) by the high importance of the oil and gas industry for the Russian economy. He also disagrees with the opinion that the energy security is "in which one country's energy security is another's lack thereof" (Goldthau, 2010: 2). Goldthau sees the solution to the extreme politization of the energy trade in the further liberalization of the energy market through international governance. However, this may require liberalization of Russian energy sector, including Gazprom, which would be not acceptable to the Russian government. Thesis agrees that greater international cooperation is important, but it is just a part of a solution. For the international cooperation to be successful all the actors involved should be interested in it. At the moment all the attempts of the EU and Russia to strengthen international governance of the energy trade is undermined by the clash of interests and values. Simonov said in his interview "in reality, the EU-Russia energy dialogue is two monologues, where both sides are failing to hear each other" (Simonov, 2010). These rival arguments embody aspects of a valid interpretation, but it is an oversimplification to present accounts of Russian-EU energy policy or the intentions behind them as wrapped in a simple direct opposition, as later discussion in this thesis will evidence.

An interesting solution to this problem is suggested by Aalto. In his analysis of EU energy strategy he evaluates the importance of values for the development of European energy strategy. He looks at different processes which affect the energy policy construction within the EU, including different perspectives of individual member-states on Russia as an energy producer. His chapter *European Perspectives for managing dependence* argues that such factors as historical context, level of dependence, as well as different levels (regional,

institutional, state and company ones) affect negatively the development of EU-Russia energy relations. His idea of European energy society, which should include both Russia and the EU is similar to the central argument of this dissertation: Russia and the EU need to work on the development of common values, norms and institutions in order to overcome the constraints to the energy trade caused by the extreme securitisation. Aalto applies the concept of the international society suggested by the English School of thought to EU-Russia energy relations (Aalto, 2009). He argues that at the moment the EU tries to create an Energy Security Society, but leaves Russia outside of its borders. Russia will not follow these rules, because they overlook Russian interests. To reach this stage it is important to look at the roots of the securitisation process. Chapter 5 of this dissertation unpacks these ideas in more details as a part of a broader discussion on de-securitisation of EU-Russia energy relations.

Stern, the former director of the Natural Research Programme of the Oxford Energy Institute for Energy Studies, is one of the leading experts on the Russian natural gas industry. His book *The Future of Russian Gas and Gazprom* focuses on the development of the Russian gas industry since the late 1990s. He looks at both internal and international aspects of Russian energy policy. Stern's offers a very balanced insight on Gazprom's investment strategy to the development of new gas fields and infrastructure in Russia. The majority of other authors (for example Smith and Cameron) who argue that due to the inability of Gazprom to invest into development of new supergiant natural gas fields, Russia may experience difficulty keeping its contract obligations to the EU. As compared to this opinion, Stern argues that Gazprom tightens the investment budget due to the economic recession, when the demand for hydrocarbon supplies declined for economic reasons as well. Therefore, Russia is in no immediate danger to fail in meeting its contract obligations. This thesis reflects on these ideas in both Chapters 3 and 5. Stern's work provides in-depth analysis of the Russian gas industry and trade in natural gas with Europe. However, his approach to the analysis of energy security is different from the one applied in this dissertation. He focuses on technical and economic elements of energy policies, which are, indeed important, but overlook such important elements of security construction as national identity, values and collective memory.

Stern, Aalto and Goldthau are among the authors situated in the middle of the academic spectrum. These authors try to produce more balanced overviews of the EU-Russia

energy trade, without presenting energy security as a zero-sum game between energy consumers and energy producers. Despite the fact that their ideas are very useful, there are a certain limits to the approaches suggested by them. First of all, even though these approaches are more balanced, they are still approaching the problem from the energy importer's point of view. Stern focuses on the practical, economic part of energy security, but this research demonstrates that in the current situation the energy trade is highly securitised. The representative of the German Ministry of Economics said in his interview with this author that: "energy trade with Russia is affected by politics" (the German Ministry of Economics representative, May 2011). That is why this thesis takes into account political and socio-cultural aspects of security. Goldthau and Aalto do look at different dimensions of energy security, but they focus on the regulations of relations between Russia and the EU through the promotion and strengthening of international norms and institutions. The aim of this dissertation is to deconstruct the securitisation of the EU-Russia energy trade and to separate the factors leading to the high levels of securitisation and polarization, in order to understand how these problems could be approached to reach the final stages of the de-securitisation process (discussed by Aalto and Goldthau). To answer this question, this dissertation looked at the works of the authors whose area of expertise is not energy security, but Russian and European politics and economics.

It is important to deconstruct Russian energy policy into separate components: economic, political, and societal. Without this understanding the analysis of Russian foreign energy policy would be inaccurate and simplified. Some of the Western literature is highly critical on the influence which the Kremlin has over the Russian energy sector. For example, the Yukos affair is often presented as a crusade on private capital aimed at regaining governmental control over the industry. It is difficult to say that this is an entirely wrong assumption, but this issue is more complex than it may seem. Professor Richard Sakwa, a specialist in Russian politics and governmental structures, is one of the experts who studied the Yukos case in detail. Sakwa's works are generally useful for understanding Putin's place in the transformation of Russian energy policy in the mid-2000s. His book *The Quality of Freedom: Khodorkovsky, Putin and the Yukos Affair* (2009) provides a detailed overview of the consolidation of the energy sector under governmental control in general, and the Yukos issue in particular. He returns to this subject in his later work *The crisis of Russian Democracy:*

The Dual State, Factionalism and the Medvedev Succession (2010) he looks at the Yukos affair in the broader context of Putin's attempts to transform the Russian political elite. He claims that from one side Putin wanted to ensure the regime's prerogatives over the economy and the media, but at the same time hoped to create a new business elite loyal to the government, which could "act as a counter-weight to *siloviki*" (Sakwa, 2010: 144). This allowed Putin to avoid 'becoming a hostage' to one powerful and homogeneous group of political elite. As well as other authors, Sakwa defines Putin's regime as the central driving force in shaping Russian energy policy. This opinion is shared by other experts such as Philip Hanson and Heiko Pleins. However, they look at this issue from a different angle, the economic one.

Hanson is an expert on the Russian economy and EU-Russia economic relations. He looks at the importance of energy sector for Russian economy. He writes that the first decade of the 2000s was definitely a success story for the Russian economy, which among other things contributed to the improvements in the quality of life for many Russians. According to Hanson, the proportion of the population living in poverty reduced from over 40 per cent in the 1990s to 12 per cent in the mid-2000s (Hanson, 2009: 24). Energy export revenues are the main contributing factor in the economic growth of the previous decade. Hanson also looks at the down side of Russian economic success, which is the dependence of the Russian economy on the energy sector. He writes that "oil, gas and metals have accounted recently for around 80 per cent of merchandise exports. As far as tradable goods are concerned, Russian manufactures engaging mainly in making import subsidies" (Hanson, 2009: 29). This makes Russia especially vulnerable to energy price fluctuation. Considering that (due to the dual pricing policy) most Russian energy revenues come from the European market, it is very important for Russia to keep its share of the European energy market.

To summarize this review, this thesis is situated in the middle of the spectrum of the existing literature on the subject, and aims to present a distinctive overview of EU-Russia energy relations, without presenting an extreme point of view (presenting either Russia or the EU as the main 'architect' of the securitising process).

Originality

This dissertation provides an original contribution to knowledge, including some original data obtained through the empirical research: including a series of important original interviews. The extensive literature review revealed a gap in the existing literature on EU-Russia energy relations. This gap is caused by the biased coverage of the problem depending on the position of the author (either pro-EU or pro-Russian). The aim of this dissertation is to help to fill this gap by providing a more balanced analysis of the securitisation of the EU-Russia energy relations. The claims to originality are strengthened by the choice of the theoretical framework: the securitisation theory based on the assumptions of the Copenhagen School of Thought and its critique by Thierry Balzacq. This theory has never been applied to this topic before. The choice of theory contributed not only to the originality, but also to the significance of this research, because it resulted in the analysis of such factors as national identity and collective memory, which are often overlooked in discussions on energy security construction. Finally, the empirical research conducted in both Russian and English languages produced original findings and conclusions. Below is a more detailed overview of the originality of this dissertation.

EU-Russia energy relations are well covered in the academic literature. There is a great body of academic work devoted to this subject in one way or another (briefly described above). Nevertheless, the literature review conducted for this dissertation discovered a gap, which this study aims to fill. Fillippos Proedrou writes about the literature on energy security as follows:

> "There is a bias in the literature to deal with the energy security of importers and not the exporters. This is because most of the scholarly work done deals with the energy security considerations of the West, which is comprised mainly by importing countries" (Proedrou, 2012: 3)

This observation is valid, and this thesis will argue, even the most moderate and balanced scholarly work (Goldthau, Aalto), which takes the position of the energy producers into consideration; looks at the problem from the perspective of the energy security of supply. At the same time the majority of literature published in Russian language is also biased and focuses on the energy security of demand, and Russian interests (Simonov, Yakovenko). As a

result energy security is presented differently depending on the background of the author. This thesis aims to provide a more balanced overview of the EU–Russia energy trade. It is important to investigate the background and perspective of both sides to have a deeper understanding of the existing problems in energy trade between Russia and the EU. This dissertation argues that it is important to study both the perspective of the energy consumer and energy producer when analyzing the existing problems in the EU-Russia energy relations. This dissertation fills the gap in the existing literature by combining the analysis of Russian and European perspectives on energy security. Only the balanced analysis of the situation could provide an answer to the main research question of this dissertation: how the EU-Russia energy relations became highly securitised. To answer the research question and to achieve the aims and objectives of the study specific theory has been selected, which also contributes to the originality of this dissertation.

The theoretical framework is based on the assumptions of critical theory and CSS. Aristotle wrote, that a man cannot exist outside of the cultural context, we can assume that theorists also cannot as one's position is also influenced by ideology, culture, and political and social context (Knutsen, 1997: 6). Critical theory uses contextual analysis of security; in other words different historical context creates different understandings of what security is (Knutsen, 1997: 6). Because the concept of security depends on the local political context, it can be argued that security is neither unchanging nor semantically homogenous (Knutsen, 1997: 6). This thesis evaluates how the different political and socioeconomic context of Russia and the countries of the EU influence the development of energy trade between them. This dissertation uses the concept of the securitisation based on the critique of the Copenhagen School. The theoretical framework is discussed further in Chapter 1. The approach consists of two levels:

1. The level of agent: the securitising actor, whose authority is recognized by the audience, and who has the power to present an issue as a threat; the context of securitisation; and the audience.

2. The level of act: the linguistic process of negotiation of a threat to the audience and the context of securitisation.

The detailed account of the theoretical approach is presented in detail in the theoretical

chapter of this dissertation. The choice of theory used in this dissertation allows us to look critically at energy security construction in both Russia and the EU, and to evaluate how such factors as national identity and collective memory, the domestic political and economic situation, and the clash of interests of different actors (states, energy companies, European institutions) contribute to the high levels of securitisation of the EU-Russia energy relations. Despite the extensive coverage of the energy security and the EU-Russia energy relations in the academic literature, this topic has never been analyzed through the perspective of the securitisation theory used in this dissertation.

Timeframe

At this stage it is important to mention the timeframe of this study. The thesis covers mainly the time period starting from 1999 onwards (from the moment Putin came to power for the first time). This choice is explained by the changes in Russian energy policy which began in the early 2000s. Current Russian government is presented as the major securitising authority, which put domestic and foreign energy policy on the top of the security agenda in Chapter 3 of this dissertation. Despite the fact that this dissertation focuses on the last two decades, it is important to look at the historical background to understand the roots of the current problems in EU-Russia energy relations. In particular, one of the sub-sections of Chapter 3 (Russia as the securitising actor) looks at the history of the FDI in Russia. The material presented in this section is collected from both Russian and English language sources, and demonstrates how the rights of foreign investors in Russia have been overlooked ever since the Bolshevik revolution. Seventy years of the Soviet Union's hostility towards foreign investors formed the negative public opinion towards the participation of foreign capital in the development of Russian strategic industries (energy, military). Chapter 3 argues that this collective memory was used in the speech act by the Russian government to justify the introduction of the law of strategic industries in 2005). Chapter 2 offers another example of the importance of national identity and collective memory for the analysis of the securitisation of the EU-Russia energy relations. Chapter 2 includes an explanation of the historical problems in relation between Russia and Poland to explain how the historical difficulties between Russia and former members of the Warsaw Pact contribute to the securitisation of the EU-Russia energy trade after the Eastern Enlargement of the EU. This discussion on symbolic elements contributes to the significance of this study, because the

literature review (p. 19-26) demonstrates that the symbolic elements of energy security construction is often underestimated in the analysis of EU-Russia energy relations.

The theoretical framework shapes the structure of this dissertation. The chapters are constructed around the definition of security as a speech act: Chapters 2 and 3 are devoted to the level of agent in the EU and Russia (accordingly), Chapter 4 looks at the level of act and looks at media coverage as a speech act, and Chapter 5 is concerned with the consequences of the securitisation of energy relations and evaluates the possibility of de-securitisation of these relations in the future. The methods used to collect and analyze data to answer the research question and to achieve the aims of this research, contribute to the significance and originality of this study. For instance, the conclusions based on the media analysis of Russian and European media contribute to the significance of this dissertation. In the case of Russia, some of the major mass media sources take a pro-governmental point of view due to the funding sources. Considering the significance of the Russian government in shaping the securitisation process in Russia, the coverage of the issues relevant to energy security by pro-governmental media could be considered as justification of the securitising actions to the audience. The qualitative and quantitative analysis of the mass media sources (analysed in Chapter 4) in Russia and in the EU demonstrate that the issues of EU-Russia energy relations are presented differently to Russian and European audiences. For example, the media analyses demonstrate that different actors are presented as responsible for the transit conflict between Russia and Ukraine in January 2009. Russian newspapers blamed Ukrainian political competition for the crisis, and European sources reported that Russia failed to fulfill its contract obligations. These conclusions illustrate how the speech act is used to shape the public opinion and to negotiate the threats to energy security to the audience.

This thesis benefits from the accessibility of literature, legislation and interviews conducted in Russian and English languages. The interviews conducted in Russia, Brussels and Germany contribute both to the significance and the originality of this work. The interviews with the representatives of Gazprom and the European Commission covered such issues as transit conflicts with Ukraine, the question of the FDI in Russia, and the ECT. All these issues are widely discussed in the literature and in media. However, the mirror structure of these interviews and the comparative analysis of the response given helped to achieve significant results. In particular, the analysis of the interviews supports the argument

that energy security is constructed differently in Russia and the EU due to the different priorities and the influence of the different internal factors. As a result, the EU and Russia interpret each other's behaviour on key issues differently. For instance, Russian reluctance to participate in the ECT raises concerns in the European Institutions, but is explained as the rational choice in Russia.

One special contribution to the originality is based on the analysis of the interviews conducted in the Altai Territory of the Russian Federation on the construction of the pipeline "Altai" from Russia to China. Among the interviewees were the representatives of Altai Gazprom, the government of the Republic of Altai, Non-Governmental Organization "Altai 21st Century", and the scientists and engineers engaged into the development of the pipeline route. The negotiations on the new gas deal between Russia and China began in 2006, and are mentioned in the literature (Lotspeich, 2010: 111-112), but the extensive analysis of the internal discourse on this pipeline is not covered in any of the existing academic sources (at the moment of writing up and submission of this dissertation). The analysis of these data provides an important insight on the development of Russian external energy policy, and is important for the study of EU-Russia energy relations. It contributes to the discussion on possibility of the diversification of Russian energy exports away from the European market and on EU-Russia energy interdependence. The detailed analysis of this subject is presented in Chapter 5.

Understanding of the reasons and roots of the securitisation process is essential for the analysis of the future developments of EU-Russia energy trade. This understanding can be a basis for a more detailed study on de-securitisation of energy relations. This thesis looks briefly at the potential ways of de-securitisation in the final chapter (Chapter 5); however, more detailed study of this would be valuable in the future. In particular, the potential positive impact of EU-Russia cooperation on energy efficiency and energy saving technology transfer can contribute to the improvement of overall energy relations between Russia and the EU member states. Building on the claims to originality described above, this thesis offers an argument, which contributes to its originality: despite high levels of energy interdependence and the potential for mutually beneficial energy cooperation, EU-Russia energy relations are highly securitised. The narrow explanation of the problem focuses on the clashing interests of the energy producer (Russia) versus the energy consumer (the EU).

This argument is distinctive for a number of reasons: it fills the gap in the existing literature by providing more balanced overview of the problem; it draws on the original empirical research; and it is grounded on the theoretical approach, which has never been applied to this problem before.

Chapter Outline

The first chapter of the thesis establishes the theoretical framework of the study, including the theoretical approach and research methodology. The thesis applies the securitisation theory of the CSS. Chapters 2 and 3 study the level of agent suggested by this theory: in particular, how political, economic and societal context is interpreted and used by the securitising actors to securitise energy policy. Chapter 4 looks at the level of act: how security threats are negotiated to the audience. Chapter 5 evaluates the consequences of the securitisation on the energy trade between Russia and the EU, and the potential ways for de-securitisation.

Chapter 1 'Theory and Methodology' presents the theoretical framework of the thesis. The thesis is grounded in the assumptions of CSS, in particularly the concept of securitisation. The chapter explains how this theoretical perspective can be applied to the discussion of the energy trade between Russia and the EU. The second part of the chapter is devoted to the methodology used in the thesis.

Chapter 2 is entitled 'The EU: securitising actors and agency'. This chapter explains how the EU contributes to the securitisation process. In particular the chapter how the lack of a coherent Common European Energy Policy and clashing priorities and perspectives of the individual member states contribute to the securitisation of EU-Russia energy relations.

Chapter 3 'Russia as a securitising actor' describes how the current Russian government contributes to the securitisation of the energy trade with the EU by putting the emphasis on energy sales as a way to reconstruct the Russian economy. In particular this chapter focuses on the legislation on FDI and the high level of state control of the industry. The chapter also includes a historical overview of the development of the energy sector in Russia to demonstrate the broader context of securitisation.

Chapter 4 'Securitisation as a speech act: media analysis of print media coverage of the gas price dispute between Russia and Ukraine' looks at another level of the securitisation theory

suggested by Balzacq: the level of act. This chapter studies how the threats to energy security are negotiated to the audience in Russia and the UK, and indicative analysis of broader European media frame. The author compares how the price dispute between Russia and Ukraine in January 2009 has been presented to the audience in Russia, in the UK and in the EU member states affected by 2009 gas spat through media analysis.

The final chapter is devoted to the reasons for and strategies of de-securitisation. The first part of the chapter outlines the negative consequences of energy relations securitisation, including the controversial supply and demand diversification projects, and its implications for future EU-Russian energy relations. In the second part this chapter suggests ways to overcome these negative consequences. The final part of the dissertation is the conclusions, which explains how far the research questions have been asked, which some critical reflections of the process of research.

Chapter 1

Theory and Methodology

Introduction

This chapter presents the theory and methodology used in this research. The theoretical framework builds on the assumptions of critical theory and CSS. A critical understanding of security allows for the effective study of energy relations between Russia and the EU in all its complexity. In particular this thesis uses the securitisation theory based on the Balzacqian critique of the Copenhagen School. The definition of security as a speech act, which was originally suggested by the Copenhagen School (Buzan *et al.*, 1998) and developed further by other critical thinkers (Balzacq, 2011; Macdonald, 2008) allows us to deconstruct the securitisation process on the level of agent and the level of act and to answer the main research question: why the EU-Russia energy relations are highly securitized? To answer this question one need to take into consideration not only practical political and economic problems in energy relations, but also how they are interpreted and presented to the audience with the use of symbolic elements (national identity and collective memory) as part of the construction of energy security in both Russia and the EU member states. Critical theory emphasizes the importance of contexts (historical, social, political, and cultural) for understanding the processes in international relations. These contextual differences are among the key reasons for the lack of understanding of the policies of each other between Russia and the EU which have led to the growing feeling of insecurity and, consequently, the escalation of the securitisation of energy trade. Chapters 2 and 3 address these issues in more detail. This chapter looks at the broader context of critical theory and defines the specific theoretical approach and methodology of this thesis.

Broader theoretical background

The securitisation theory applied in this thesis is grounded in broader theoretical context of the critical theory and the CSS. Before describing the specific approach to securitisation selected for the analysis of EU-Russia relations it is important to briefly introduce the broader theoretical background. The core ideas of critical theory were originally developed in the 1920s by the group of scholars from the Institute of the Social Research at the University of Frankfurt. This group included Max Horkheimer, Theodor Adorno, and Herbert Marcuse (See: Horkheimer, 1972; Marcuse, 2001) who are also known as the Frankfurt School. Horkheimer criticized the scientific approach of the traditional theory, which does not take into consideration the impact of the researcher's interpretation of datum (Horkheimer, 1972:

244). He writes that “every datum depends not on nature alone but also on the power man has over it” (Horkheimer, 1972: 244). Critical theory appeared in post-World War I Germany and the first theorists focused their attention on “the changing nature of capitalism and the mutating forms of domination that accompanied this change” (Zou, et al. 2002: 87-88). However, critical theory is not a unified approach (Held, 1980: 14). This makes it difficult to give a single definition of critical theory as there are so many different critical approaches which try “to avoid too much specificity since there is room for disagreement among them” (Zou, et al. 2002: 89). David Held writes that “each of the critical theorists defended the possibility of an independent moment of criticism” (Held, 1980: 15-16).

Critical theory offers an alternative to the traditional theoretical concepts in the discipline of International Relations (IR). It is concerned that the problem-solving theories try to explain the world from different immutable factors (human nature, anarchy of the international system and so on). From the critical perspective there is nothing immutable: the system is subject to change, depending on the historical and political context (Linklater, 2007: 47). History provides a number of examples of how the ideas about what is real have been changing from one generation to another. It proves that nature and time are not features of reality *out there*, waiting to be discovered by human minds, but are inventions of the mind (Booth, 2007: 183). According to Robert Cox, critical theory has to be more reflective on the process of theorizing itself and must be clearly aware of the perspective which gives the rise to theorizing. It is theory of history in the sense of being concerned not just with the past but with a continuing process of historical change (Jahn, 1998: 617). In other words the process of interpretation, or hermeneutics, is very important in critical theory. Critical theorists argue that the hermeneutical act is the link in the chain of the understanding which transforms what has been observed into the conclusion, or our understanding of reality (Zou, *et al.* 2002: 97). John B. Thompson describes this as follows: “hermeneutic interpretation is a circular process which requires the preliminary provision of an interpretative scheme that anticipates the final result” (Thompson, 1981: 81). The problem of the hermeneutic circle involves a number of stages of research process, including epistemology, ontology and axiology of research. This chapter elaborates on each of these points in more detail.

Critical theory also aims to change traditional understandings of security. Security is

about feeling safe from harm and danger (Fierke, 2007: 13). For a long time military security took the central stage in international security studies. During the cold war, realism was the dominant approach to security studies with the focus on states and their ability to use military power as well as the questions of preparation for and/or prevention of war. To put it simply, in the traditional Realist perspective, security is survival. But the post-Cold War years have brought new issues onto the international security agenda. The growing concern over such problems as global poverty and climate change, means the security agenda has been broadening. Moreover, for many, the focus of security is shifting from the state to the individual. The position of a state as the only referent object of security has been fundamentally questioned. States are often failing to fulfil their duty of providing security for their citizens: modern history knows many examples when the internal situations in general and governmental policies in particular are the main source of instability for the individuals. Such dangers include poverty, overpopulation and economic recession (Booth, 1991: 318). It was the appearance of CSS which allowed a more complex analysis of security.

CSS appeared in the early 1990s after the collapse of the Soviet Union brought new issues to the agenda of international security. The traditional Realist perspective which dominated the field of security studies for most of the fifty years of the Cold War era, associates security with military power. Like critical theorists, Critical Security theorists discuss the importance of historical and political context for understanding the object of security (Burchill, 2005: 139). It was the arms race between the USA and the USSR which put the military aspects on the top of the security agenda. Since the collapse of the Soviet Union other theoretical approaches have begun to dominate IR. CSS aims not only to broaden the security agenda, but also to deepen it. Booth describes the deepening by "implications and possibilities that result from seeing security as a concept that derives from different understandings of what politics is and can be all about" (Booth, 1994).

To put it simply, different understandings of what politics is, creates different understandings of what security is (Williams, 2005: 136). CSS poses the following key questions: what is the referent object of security? (not only states should be included); what made the referents insecure?; and how security can be achieved? At first the label CSS was used for all approaches in the wide range of security studies which are critical towards traditional Realist understanding of security (Williams, 2005: 136). Critical Security

approaches include several directions developed by different theorists on the basis of critical theories. The Copenhagen School represented by Buzan, Waever and de Wilde (Buzan *et al.* 2009; Buzan *et al.* 1998) emphasize the importance of post-structuralism and constructivism for CSS. Another approach within CSS is the Welsh School, which is often associated with Booth (Booth, 2007) and Richard Wyn Jones (Jones, 2001). Among other representatives of CSS are two Canadian scholars, Michael C. Williams and Keith Krause (Krause, *et al.* 1997). This thesis uses the Balzacqian critique of the Copenhagen School, which expands the definition of security speech act to include such issues as symbolic and contextual attributes of securitisation. Balzacq argues that securitisation theory is largely constructivist in its nature. However, since there are different constructivist approaches, it is important to distinguish what type of "constructivism is present in securitisation" (Balzacq, 2010). The differences between constructivist approaches are rooted in different ontologies and epistemologies. According to Balzacq, the constructivist approaches could be described as modernist and critical ones. The modernist relies on positivist methodology, and critical is more hermeneutical in its nature. However, the successful securitisation theory need to combine both perspectives into an approach defined by Balzacq as "pragmatic securitisation" (Balzacq, 2010). Below this approach is described in more details.

Security as a speech act

The Copenhagen School represented by Buzan, Waever and de Wilde (Buzan *et al.* 2009; Buzan *et al.* 1998) emphasize the importance of post-structuralism and constructivism for CSS. Waever and Buzan argue that an issue becomes a threat because it has been securitised, brought into the realm of security. 'Security' is thus a self-referential practice-a real existential threat does not necessarily exist but is presented as such a threat (Buzan *et al.* 1998: 24). This definition has certain limitations for which the Copenhagen School has been criticized by other authors. For instance, Balzacq writes that "the assumption of a speech act approach ultimately reduces security to a conventional procedure such as marriage and betting in which the "felicity circumstances" (conditions of success) must fully prevail for the act to go through" (Balzacq, 2005: 172). The Copenhagen School's definition of security as a speech act assumes that in principle, any actor has an opportunity to securitise any issue, which might be considered as an existential threat, or the concept of security is open. However, the securitising actor has to negotiate an issue with the audience, which has to

accept the definition of the issue as an existential threat, which may require the extra-ordinate measures. And not all the actors have the possibility (power/authority) to construct an issue into a threat (Balzacq, 2005: 514). This process of negotiation between the securitising actor and the audience is 'the security speech-act' or the process of securitisation (Balzacq, 2005: 514).

It is important not to reduce the concept of security speech act to a simply linguistic act. As it was described above just presenting an issue as a threat [linguistically] will hardly make this claim acceptable by the general audience. This thesis applies more complex understanding of security speech act suggested by Balzacq and summarized below. According to Balzacq the securitisation process has two levels: level of agent and level of act (Balzacq, 2005: 172). The level of agent is dependent on three main factors: audience (its willingness to accept the securitisation measures offered by the securitising actor), context (current environment influencing how the events are interpreted) and securitising agent (capacity for convincing the audience) (Balzacq, 2005: 192). The level of act, in turn, depends on two levels: "action-type" (language used in communication with audience) and context (the same as on the level of agent: current environment) (Balzacq, 2005: 178). Chapters 2 and 3 look at the level of agent in Russia and the EU, and Chapter 4 looks at the level of act. It is important to explain briefly how each of the sub-elements (actor, audience and the context) are understood in this thesis.

Relationship between the securitising actors and the audience

The key question is who has an authority to define and construct energy security. Overall there are different levels of securitisation: individual, middle and the system one. In case of the EU-Russia relations the middle level represents the securitising actors, and the individual level represents the audience. The middle level refers to a collective political actor (often, but not always state). This level represents securitising actors, because the issues related to the energy security are most often decided by the national governments. Securitising actors need to negotiate security to the audience. That is why the individual level plays a certain role as well, because the consequences of the energy policy decisions do affect individuals (the energy shortfalls after Russian-Ukrainian crises of 2006, 2007 and 2009). 'Individual' is not an abstract idea that is not grounded in any context (Krause, *et al.*

1997). Booth writes the following: “we do not come into the world as formed individuals but are constructed out of the interaction between our individual genetic makeup and the various social structures in which we develop” (Booth, 1994). It is important to explain, how this research understands interrelations between the securitising actors and the audience in relation to security construction.

All people exist within some socio-cultural context (community, ethnic group, state), and the construction of threats is often influenced by this context. Both the securitising actors and the audience are integrated and interconnected by this context. Even though a state is no longer the only actor in international politics, it still is important in creating and maintaining structures of authority and responsibility that contribute to human security. To some extent states shape the securitisation context. This thesis does not share the traditional, Realist perspective which makes security “synonymous to citizenship” (Krause, *et al*. 1997: 43), when a state is protecting its citizens from the threats which come from the citizens of foreign states, in other words insecurity is created by the anarchy of the international system. Individuals are represented in this system only as the citizens, in other words the elements of the bigger whole, the sovereign state (Krause, *et al.* 1997: 43). However, history provides us with numerous examples when the main dangers to the individual come not from the citizens of a foreign state, but from the authorities of their own state (Krause, *et al.* 1997: 43). CSS argues that states do not always implement international obligations and distribute goods and services among its citizens. The lack of order within the state could be accompanied by economic and social collapse, lead to civil war and mass migration (Buzan, *et al.* 1998: 145). That is why it is important to critically analyse the actions and decisions of the state to evaluate which of these actions are aimed at protecting the interests of the individuals, and which actions may lead to instability and insecurity in future. For example, Chapter 2 of this thesis concludes that the energy policy of the current Russian government (including the securitization of EU-Russia energy relations) is designed to ensure economic and political stability of the state, however its implementation may lead to economic vulnerability in the long term. It is important to look at the context of the securitisation to understand the securitisation process better.

Context of securitisation

Both the level of agent and level of act include such an important element as context, or current environment which affects the securitisation process. It is the idea of context (social, historical, and political) which distinguishes the CSS from narrow realist understanding of security. During the Cold War Realism was the dominant approach to security studies with the focus on states and their ability to use military power as well as the questions of preparation for and/or prevention of war. Realism as one of the problem-solving theories tries to explain the world from different immutable factors (human nature, anarchy of the international system and so on). From the critical perspective there is nothing immutable: the system is subject to change, depending on the historical and political context (Linklater, 2007: 47). History provides a number of examples of how the ideas about what is real have been changing from one generation to another. It proves that nature and time are not features of reality *out there*, waiting to be discovered by human minds, but are inventions of the mind (Booth, 2007: 183). It was the arms race between the USA and the USSR which put the military aspects on the top of the security agenda. The growing concern over such problems as global poverty and climate change, means the security agenda has been broadening and the traditional understanding of security has been fundamentally challenged. In other words, different understandings of what politics is, creates different understandings of what security is (Williams, 2005: 136). The context of securitization is not homogeneous, but includes different interconnected levels. For example, when talking about the securitisation of EU-Russia energy relations, it is possible to distinguish factual and constructed context. For example, the high level of dependence on a specific energy consuming market or energy producing state is the example of factual context, but the interpretation of this dependence is often constructed by the securitising actors to convince the audience in the necessity of the specific policy decisions.

It is important not only to consider current economic and political context, but also to analyze how this context is interpreted and why it is presented in a specific way. To achieve it, this thesis uses the concept of symbolic power, originally developed by Pierre Bourdieu, and applied to the analysis of securitisation process by Balzacq. Symbolic in this case doesn't mean insignificant or secondary, but refers to use of symbols, images, collective memories in order to shape the reality in a specific way. In relation to security it could be argued that the

symbolic elements are used to create the narrative of securitisation, make it acceptable for the audience. Bourdieu (1991: 181) wrote the following about it: “the proposals (motions, platforms, programmes etc) are immediately subjected to the approval of a group and thus can be imposed only by professionals capable of manipulating ideas… in such a way as to ensure that they gain the support of a group”. Due to the significance of this concept for the analysis of the level of agent in Chapters 2 and 3, it is essential to expand on the meaning and implications of symbolic power in general and in relation to securitisation theory in particular.

Identity plays an important role in the speech act through the so-called “symbolic attributes of securitisation” (Balzacq, 2011: 17), utilized by the securitising actors to convince the audience of the existence of a threat which requires extraordinary measures. It is important to explain how identity is understood in this thesis. Buzan *et al.* writes that identity is “the self-conception of communities and of individuals identifying themselves as members of the community” (Buzan *et al* 1998: 119). Identity is not homogeneous: even with the same community the multiple identities may exist (ethnic, language, political and professional groups) (Buzan et al. 1998: 120). It is important to emphasise that this thesis doesn’t argue that there is a single Russian and/or European identity. On the contrary, multiple identities exist both within Russia and the EU member states. Nevertheless, these identities are of key importance for the analysis of the securitization process: they shape the behaviour of securitising actors and the audience, and enable the use of symbolic attributes of securitisation. Balzacq writes that the actor’s “behaviour is a structured set of self-attitudes made of internalized roles and statutes… In other words, actions are externally constrained, released from anterior and pre-existing social structures” (Balzacq, 2002: 478). In securitisation process identity plays two important roles: affect decision-making process and enable the negotiation of security to the audience. Williams writes that symbolic power has two aspects “the utilization of a specifically dominant system of abstract symbols and concepts […]and the occupation of a socially recognized position of symbolic power from which it can be spoken” (Williams, 2007: 66). Identity is not only used by decision-makers to get support for their policies, but also influences to a certain extent the decision-making process itself. For a long time in Foreign Policy Analysis (FPA) the important element of “human political choice” was missing (Mudson, 1995: 210). Some foreign policy analysts

emphasize the importance of the shift of focus of FPA from the "nation-states as unitary actors to the people and units that comprise the state" (Mudson, 1995: 210). These units can be the president, ministers, and governmental institutions. Similarly, "national interest" is constituted from the interests of the units mentioned above, "not all of which are related to anything resembling an objective national interest" (Mudson, 1995: 210). The state leaders make decisions depending on social and cultural context and personal history: "the personal characteristics of the individual leader can become central in understanding foreign policy choice" (Mudson, 1995: 218). For instance, the gradual consolidation of the energy industry in Russia in state-controlled hands and the growing importance of it for the Russian economy are associated with the personality of Putin, who as Goldman writes, "understood in 1997 that with its oil and gas reserves and pipelines, Russia was well-situated to take advantage of this new dynamic" (Goldman, 2008: 139).

The personal history and opinion of the decision-maker is not the only important factor. The threat presented to the audience, should be accepted by the population, especially in a democratic society. To make a decision in response to any situation in international affairs, the decision-maker should take into consideration the importance of "acceptability" (Franham, 2004: 443), in other words "to be effective, internationally as well as domestically, a policy must be acceptable to some minimum number of relevant groups and individuals" (Franham, 2004: 443), because it is difficult to take any kind of action in foreign affairs, if this policy is not supported by the population (Franham, 2004: 445). The identities of the population who must approve the decision to use the extraordinary measures vary from society to society and even within the same society over time.

The context (both factual and constructed) enables the securitising actors to define security threats. At this stage, it is important to discuss the difference between a threat and a risk. Authors such as Victor Kremenyuk, Dan Goldwell, and Robert Williams connect a threat with a traceable source (Kremenyuk, 2009: 163; Goldwell, *et. al* 2012: 13). For example, Kremenyuk writes "a threat comes from an identifiable source and may be traced to its final conclusion, a risk can be imagined and may exist only in the heads of those who believed in it" (Kremenyuk, 2009: 163). Williams also explains the difference between the understanding of a threat and a risk through the role of 'the Other'. He writes that "if there is no other, then there can be no threat. Risk can be perceived independent of an identifiable actor"

(Williams, 2009: 17-18). How to define 'the Other' in this case depends on the theoretical approach used. In Realist understanding, another actor is a powerful state, which expresses intentions to cause harm to other states. This approach was popular during the Cold War (Williams, 2009: 19). However, now it is not so easy to distinguish specific actors who may impose danger to the security of another state (for example, terrorist organisations). In relation to EU-Russia energy relations, the existing literature presents either Russia or the EU (depending on the perspective and background of the author) as a threat to the energy security of the other side (p. 19-26). These authors see energy security as a zero-sum game in which security of one actor means the insecurity of another. For example, Smith defines Russia as a threat to European energy security (Smith, 2007).

This dissertation argues that in the case of EU-Russia energy relations the perception of a threat is often constructed by the securitising actors through a speech act. Securitising actors evaluate risks and vulnerabilities and have an authority to present some of them as threats (Ciuta, 2009: 303). In security as a speech act, threats are constructed and the speech act itself is a process of securitisation. In other words, the high levels of dependence on a single source of energy supply or demand as well as potential problems with transportation and production of energy supplies do pose a number of risks to the energy security of both Russia and the EU member states. However, these risks are presented as the threats (connected with a certain actor) by the securitising actors. The securitising actors use the current context (including the collective memory and national identity) to present an issue as threat and justify it to the audience. The speech act is used to create threats on both internal and external levels. For example, the Russian government presented some of the representatives of big business as a threat to Russian economic security (such as, the Yukos case) (Chapter 3) to gain the support of the population for the reconsolidation of the energy sector under governmental control. The main reason, why this definition of security has been selected, is, because this approach gives an opportunity for indefinite broadening of the security agenda, including the expansion of the possible threats, actors and objects to be securitised (Williams, 2003: 513).

Applying securitisation theory to EU-Russia relations

When talking about securitisation of EU-Russia energy relations, it is important to answer what is the referent object of security, in other words who is securitising what? This thesis

argues that it is the EU-Russia energy relations that have been securitised by both Russia and the EU. The aim of this dissertation is to deconstruct the securitisation process and answer the question, why it has happened. Many economic approaches, including those using the institutional approaches to securitisation, will view this problem as mainly consumer/producer relations. More traditional realist-informed approaches could emphasize the *realpolitik* of Russian energy policy. However, both perspectives are offering only narrow and simplistic view of the problem. Indeed, the dynamics of consumer/producer relations are as important as the political motivation of Russian government. Therefore to offer more balanced analysis of this problem, this thesis uses a constructivist approach to political economy of EU-Russia energy relations, based on the Balzacqian critique of the Copenhagen School, and tries to analyse the securitisation of EU-Russia relation on both levels described above: agent and act ones.

It is important to explain how these levels are unpacked and described in the upcoming chapters. Chapters 2 and 3 are devoted to the analysis of agent-level, and will look on how securitising agents use the current context to create a securitised narrative. Chapter 4 in its turn will look at the level of act, and will illustrate on the example of the analysis of Russian and European media how the specific context (2009 Russian-Ukrainian gas conflict) has been communicated to the audience. The specific categories to be used to unpack the securitisation process in both Russia and the EU are described below.

Level of agent:

Chapters 2 and 3 are devoted to the analysis of the level of agent. According to Balzacq this level includes three main elements: the securitising agent, the audience and the context of securitisation. This thesis uses the context of securitisation as the main focus of analysis in Chapters 2 and 3. However, it is important to specify which actors can act as securitising agents in EU-Russia energy trade and who the audience is. Energy policy and especially external elements of it are usually decided by the governmental institutions, which are considered to be the main securitising agents in this thesis. The government in the modern state cannot make the decisions on energy security without taking into consideration interests of major energy companies and political elites. However, it is important to mention, that the EU and Russia have different political structures, which shape the behaviour of the

securitising agents. This thesis doesn't aim to compare the EU and Russia, but to analyse the causes of securitisation in both Russia and the EU. The audience is a broader concept and may include general population, industry and political elites. A variety of issue influence the decision-making process on energy policy: the structure of domestic energy complex, security of supply or demand, pressure from large energy corporations, environmental agencies, political and economic elements; or in the other words – the context of securitisation. The context of securitisation could be both factual (based on actual levels of production and consumptions, level of dependence on specific producer/consumer) and socially constructed (for example, the perception of the specific producer/consumer). To answer the main research question of why the EU-Russia energy relations are extremely securitised, it is important to deconstruct how the context of securitisation is interpreted and used by the securitising actors and why the audience responds to the securitising claims. Chapters 2 and 3 address these issues in the European Union and in Russia, but they do not focus on the linguistic part of the securitisation, rather than on the contextual one. Chapter 4 in its turn is devoted to the level of act, including the linguistic element of it.

Level of act:

As it was already mentioned above, the security as a speech act should not be understood as a simply linguistic act. However, the language used in construction of specific narrative (which is also rooted in a specific context) is also one of the key elements of the securitisation process and cannot be overlooked. That is why Chapter 4 analyses the media frames created by Russian and European media to shape public opinion on the 2009 Russian-Ukrainian gas crisis.

At this stage it is important to emphasize that the criteria outlined above are not used to conduct a comparative analysis of Russian and European energy policies, or for that matter to compare Russia and the EU as actors, the purpose of the dissertation is to unpack the securitisation process of EU-Russia energy relations in general, by analysing how actors in both Russia and the EU contribute to the securitisation process for different reasons, and using different methods which are often not comparable like-to-like.

Critical Approach to Emancipation

Emancipation is one of the key concepts in both critical theory and CSS and it is impossible to ignore it in this thesis. This section addresses critical approach to emancipation and evaluates the possibilities for emancipation in the EU-Russia energy relations. It is the quest for emancipation which encourages a theorist to criticize and reconstruct knowledge (Leonardo, 2004: 12). Emancipation is understood differently depending on the approach of the critical theory. It is concerned with freedom from restraints of one sort or another (Booth, 2007: 111). Booth suggests rather liberal definition of securitisation:

*"*Emancipation seeks the securing of people from those oppressions that stop them carrying out what they would freely choose to do, compatible with the freedom of others. It provides a three-fold framework for politics: a philosophical anchorage for knowledge, a theory of progress for society, and a practice of resistance against oppression. Emancipation is "the philosophy, theory, and politics of inventing humanity*" (*Booth, 2007: 112).

The meaning of emancipation may vary depending on the different critical perspectives one can choose. For instance, Brocklesby and Cummings speak about two kinds of emancipation: human emancipation and self-emancipation (Brocklesby, *et al.* 1996: 741). The human emancipation aims to emancipate the system globally, which can enable everybody to maximize their potential (Brocklesby, *et al.* 1996: 742). Self-emancipation, on the other hand, aims "to provide tools to be used by the individuals themselves as they see fit, to free their minds to alternatives by highlighting the ways in which power within systems subjugates them" (Brocklesby, *et al.* 1996: 741). However, in both cases emancipation is mainly concerned with the liberation of people from constraints of domination. There are different axes of domination, starting from class to gender discrimination. Considering that there are different perspectives on emancipation, the majority of critical theorists agree on the aim of the theory in regards to emancipation. It is important to remember that the process of emancipation creates a new problem in some sense, because improvement in the condition of one group may impact negatively the condition of another (Sheehan, 2005: 159): "Emancipation is thus not a state of being but a condition of becoming" (Williams, 2005: 139). The perspective of CSS on emancipation is often associated with Booth. He writes that "security, theoretically, is emancipation" and explains it as follows: "security means the

absence of threats. Emancipation is the freeing of people (as individuals and groups) from those physical and human constraints which stop them carrying out what they would freely choose to do" (Booth, 1991: 319; Farrands, Worth, 2005). In the context of security studies, emancipation should be prioritized over more traditional concepts of power and order, which can be gained only at somebody's expense (Booth, 1991: 319). Emancipation differs depending on time and space. History provides us with various examples of emancipating processes (women's rights, racial rights) (Booth, 1994). In CSS the concept of emancipation is considered to be closely connected with the concept of security itself. Booth understands security as the means and emancipation as the end. The aim of security is to reduce the threats imposed on individuals and groups, or to free them from physical and human constraint or in other words to promote emancipation" (Williams, 2005: 139).

Other critical thinkers also talk about the important place of an individual in emancipation. For example, Jones argues that an individual should be treated as the ultimate referent object of security (Jones, 1999: 114).This view is shared by other critical thinkers, including Horkheimer who said that "theory… should shed a critical light on the present day society… in hope of radically improving human existence" (Horkheimer, 1973: 233). Aradau argues that "emancipation is not a privilege of the state, but the struggle is fought against the state's practices of domination and securitisation" (Ardau, 2004: 404). Fierke emphasizes that it is important to shift the focus of security studies from the state to the individual. She argues that traditional state-centered approaches to security overlook such important elements as the security of women and children (Fierke, 2007: 190). In short, different approaches within the CSS define the emancipation as liberation of the individuals from different forms of domination. The individual is the key object and often the main driving force of emancipation. Taking this under consideration, it is important to answer the question on how the emancipation of individuals is applicable to this study. Booth said that emancipation is not universal concept and depends on the context (Booth, 1999: 41 – 42). In the case of EU-Russia energy relations we can talk about different groups of individuals. First of all, the individuals are the energy consumers, the end users of energy in both Russia and the EU. And individual consumers are, indeed affected by the extreme securitisation: the European consumers were the primary victims of Russo-Ukrainian transit conflicts in 2000s. However, in the case of energy security, the emancipation could hardly happen without the

participation of the governments, because of the sensitive nature of energy for the national security of the states.

Energy security is a multi-layered problem, and the focus on the individual does not mean that such contexts as a state and a class should not be taken into consideration, rather "theorists should never lose sight of their effects on and implications for individual human beings" (Booth, 1999: 41–42). It is important to study how state structures and institutions affect the individuals. Thus, it could be argued that the domestic situation can not only influence the foreign policy, but is also capable to threaten international security. Booth writes, that "the repression of human rights, ethnic and religious rivalry, economic breakdown and so on can create dangerous instability at the domestic level which in turn can exacerbate the tensions that lead to violence, refugees and possibly inter-state conflict" (Booth, 1991: 318). The theorists of CSS see emancipation as the way to ensure security. It is argued that the states which are able to provide for their individuals' high levels of individual freedom, justice and human rights protection do not exercise aggressive behavior with each other. So, the role of the state is to emancipate its domestic and foreign politics to provide security for its population (Buzan, *et al*., 1998). In other words, emancipation with regards to energy security, to some extent, should be a state-led process. This thesis explores the importance of liberalization of energy relations by the state leaders in both energy consuming and energy producing states. However, the analysis of potential emancipation driven by the individuals is limited considering the aims and the scope of this study, and leaves potential for future research.

It is important to expand on the limitations of Booth's understanding of emancipation, when talking about energy security. As it has been mentioned above, and as the upcoming chapters (2 and 3) demonstrate states and energy companies are the main actors capable to influence the energy policies in both Russia and the EU member states. Therefore, the emancipation in its original understanding: from the bottom to the top is hardly possible in the context of EU-Russia energy relations. Especially, in its current securitised state. This opinion is shared by some of the critical theorists as well (Aradau, 2004; Behnke, 2006). For instance, Claudia Aradau criticized Booth's understanding of emancipation. Aradau thinks that by equating security to emancipation, Booth limits the ability "to envisage social transformation outside the logic of security" (Aradau, 2004: 397).

She argues that emancipation should be seen as "the counter-strategy to securitisation in a realm beyond and outside the reach of exceptional politics, sovereign authority and exclusionary moves" (Behnke, 2006: 62 – 63). According to Aradau emancipation needs to be disaggregated from the context of national identity of one state towards the universal principles. She uses the example of struggle for equal rights for women and migrant minorities, and argues that people should see "women as not women, but equal citizens, and migrants are not migrants but workers with equal rights" (Aradau, 2004: 402). Following this logic, energy security should not be seen as a zero-sum game in which the security of one means the threat to security of the other. However, to achieve this level of emancipation, energy related issues should be first removed from the security agenda and from the realm of the exceptional politics.

It is important to explain the place of emancipation in this thesis. Emancipation is also a function of the possibility of a critical form of knowledge which in turn is dependent on a critical form of consciousness. In other words, it is important to constantly emphasize the importance of emancipation. This thesis aims to deconstruct the securitisation of EU-Russia, to underline the influence of such factors as identity, values and interests of securitising actors in the securitisation process. This in some sense creates the pre-condition for emancipation, but the analysis of actual ways to emancipate EU-Russia energy relations leaves the potential for future studies. In the context of this research the movement towards emancipation should begin from the de-securitisation of EU-Russia energy relations. De-securitisation in this case could be considered a first stage creating potential possibilities for further emancipation. De-securitisation is discussed in detail in Chapter 5, however it is important to provide a brief overview of the concept in this chapter as well. The Copenhagen School defines de-securitisation as "the progressive removal of issues from the security agenda as they are dealt with via institutions and practices that do not implicate force, violence or security dilemma" (Krause, *et al.* 1996: 249). The Copenhagen School offers three approaches to de-securitisation: to avoid extreme securitisation in the first place, once the issue has been securitised "to keep the responses in forms that do not generate security dilemmas and other vicious spirals" (Roe, 2004: 284), and, finally, to remove the issue from exceptional politics to normal ones (Roe, 2004: 284). Aradau criticizes the Copenhagen School for their approach to de-securitisation. In the Copenhagen School of Thought

securitisation and de-securitisation are linked to the transition between normal and exceptional politics. Securitisation allows the security actors to move an issue towards exceptional politics, and de-securitisation. Aradau writes: “the question of de-securitisation therefore becomes one about the kind of politics we want. Do we want politics of exceptional measures or do we want democratic politics of slow procedures which can be contested?” (Aradau, 2004: 393). Aradau sees the problem in regards to the approach towards de-securitisation proposed by the Copenhagen School in the unlikeliness of support to de-securitisation in the everyday. She argues that securitisation as a speech act is possible, because the audience can relate to the claims made by the securitising actor (Aradau, 2004: 400). As has been presented on the example of the securitisation of energy policy in Russia, the government used the negative attitude of Russian people to both the oligarchs and to some extent the foreign investors to justify its policy of high levels of governmental interference into the energy sector. In this case, the population would not support the speech act aimed at de-securitisation, and the issue will stay the object of exceptional politics.

Roe suggests that de-securitisation can be achieved either by transformation or management of securitised issues. The transformation is the complete removal of an issue from the security agenda and return of it to “normal politics” as the Copenhagen School would put it (Roe, 2004: 285). The management approach does not necessarily mean complete de-securitisation, rather than a controlled one (Roe, 2004: 285). Weaver writes that sometimes securitisation is necessary and, therefore de-securitisation is not always preferable (Waever, 2011: 469). Weaver implies that “securitisation might help society to deal with important challenges through focusing and mobilizing attention and resources” (Waever, 2011: 469). This thesis argues that even though de-securitisation is important for the future development of EU-Russia energy relations, due to the significance of energy resources for the economies of both Russia and the EU member states energy issues could not be completely removed from the security agenda. The more detailed description of the approach to de-securitisation suggested by this thesis is described in Chapter 5 of this dissertation.

This section aimed to define the theoretical framework of this dissertation. This dissertation argues that the understanding of energy security in both Russia and the EU is

not only based on the actual threats (interruption of supplies and production decline), but is also socially constructed. This dissertation applies the assumptions of the securitisation theory (security as a speech act) to explain how the energy security is constructed and negotiated to the audience, including the use of national identity and collective memory to justify the policy. The choice of theory requires choosing the appropriate methodology. The following section is devoted to the methodology of this research.

Methodology

The research is grounded in the assumptions of critical theory. The critical approach is an interpretive one: "theory is always for someone and for some purpose" (Cox, 1981: 126). As opposed to mainstream theories critical theorists emphasize that there is nothing immutable (human nature) in the system, it is subject to change, depending on the historical and political context (Linklater, 2007: 47). Cox defines critical theory as a more reflective approach with higher awareness of the perspective which gives rise to theorizing (Cox, 1981: 126). This thesis touches on such concepts as security, securitisation, foreign policy, and national identity. Critical theory as well as any other theoretical tradition supposes the choice of a specific methodology. The methodology used in critical theory is a holistic methodology where a specific structure or object (case study) is temporarily lifted from the context in order to be studied in isolation and then re-inserted into the whole in order to account for the totality of modern social relations (Jahn, 1998: 618). The research question of the thesis is "why the energy relations between Russia and the EU are extremely politicized?" Below is more detailed description of the methodology.

As was already mentioned earlier in this chapter, the critical approach has different characteristics as compared to traditional, mainstream theories and that is why critical research needs to use different methodology as opposed to the empirical ones of the natural sciences. Comstock defines methodology as "a general procedure by which we go about studying society, including selecting research problems, constructing and evaluating theories, and disseminating our findings" (Comstock, 1982: 370). Methods used in natural sciences or positivist empirical methodology might not be so effective for critical social research. Positivist methodology in social research supports the traditional state-centric system, because this methodology "objectives the human subjects of an investigation by treating

their behavior as raw data which is external to our understanding and denying their socio-historical construction" (Comstock, 1982: 371). This dissertation argues that it is not enough to focus on state relations only when analyzing EU-Russia energy relations. In order to answer the research question, it is important to take into consideration the complex process of the European integration, the impact of traumatic history on relations between Russia and Eastern European member states, and the domestic economic and political situation in Russia. That is why this dissertation uses post-positivist methodology. Critical social research is not studying human nature, but human action. The way people act is pre-determined by values and norms which are rooted in the society. It is important to remember and understand that these meanings, values and norms are created and established as a result of human action themselves (Comstock, 1982: 375). Critical methodology is aimed at inclusion the subjects of research into the dialogue rather than "a distant observation or experimental manipulation of people" (Comstock, 1982: 371).

Epistemology

Epistemology is one of the important elements of any research methodology. The word epistemology in translation from Greek means "theory of knowledge" and answers such questions as "What is knowledge?", "What do you know?" and "How do you know?" Each theoretical tradition answers these questions differently. This section focuses on critical perspective on knowledge. Habermas defines knowledge as follows: "knowledge is formed in virtue of three interests: information that expands our power of technical control, interpretation that make possible the orientations of action within common traditions; and analyses that free consciousness from its dependence on hypostatized power" (see in Comstock, 1982: 297). However, this is just one of the numerous definitions. The way one understands knowledge depends on the theoretical and epistemological perspective. This thesis applies a post-positivist approach to knowledge. Post-positivists believe that there is no single truth to be discovered. Everything is socially constructed and subject to change due to the contextual changes (values, historical period of time, culture). That is why empirical testing and objectivity (distinction between observer and observed) play a very small role in post-positivist epistemology. Terriff understands objectivity as a "perspective-less gaze", and this is impossible in a socially constructed world; rationality is not transcendental but historically specific, learned activity; and methods are necessarily contextual and therefore

shaped by culture and particular values" (Terriff, *et al.* 1999: 101). This thesis argues that there are some 'real facts', but the interpretation of these facts depends on the context.

Post-positivism appeared as a critique to positivism which appeared a long time ago to criticize dogmatic values of religion and speculative metaphysics (Held, 1980: 296). That is why to understand what post-positivism means one needs to know what positivism is? Positivism is based on the following assumptions (Terriff, *et al.* 1999: 100):

1. There is a 'real' or 'objective' world out there to be discovered by the researcher,
2. The observer is capable to distance him/herself from the subject of research in order to see the 'objective' truth,
3. The truth can be discovered mainly by the use of empirical methods.

In other words, the post-positivist approach, challenging traditionalist theory's assumption that there is an external world 'out there' to study, and that an inquiring subject can study this world in an objective manner by withdrawing itself from the world it investigates, in other words the theory must be value free (Burchill, 2005: 138 – 141). Critical theory and CSS argue that the cultural and historical context is of high importance for the understanding of international relations. There is no theory that does not contain political motivation. The levels of political involvement in epistemology are extremely high (Booth, 2007: 192). Critical research does not focus on the empirical re-presentation of the world, but on posing the research itself as a set of ideological practices (Denzin, *et al.* 1998: 273). Facts can be understood only in the context of real social process (Jahn, 1998: 615). The meaning of an experience or an observation is not self-evident, but depends on the struggle over the interpretation and definition of that experience (Denizn, 1998: 273 – 274). In other words, nothing can exist outside the context which may change from time to time and may vary within one time period in different parts of the world depending on the political, economical and cultural situation. This perspective fits the purposes of this research, because EU-Russia energy relations are influenced by political, economic and cultural contexts. Amelia Hadfield argues that "neither the EU-Russia relationship nor the content of energy cooperation can remain value-free" (Hadfield, 2008: 239). Chapters 2 and 3 are devoted to the influence of context on the securitisation process.

It is important to mention the place of security in post-positivist epistemology. As was said earlier in this chapter critical thinkers emphasize that security is not something unchanging and universal. On the contrary, the understanding of security depends on the socio-historical context. For example, 9/11 brought global terrorism to the top of the security agenda in the USA (and to some extent in Western Europe), but it does not mean that all the states in the world see global terrorism is the most significant threat to their survival (for the small Pacific islands it would be the consequences of the climate change). In other words the understanding of security depends on the context in critical theory. Terriff writes that the concepts of 'state' and 'security' are closely connected. The establishment of the state is not natural, it was socially constructed and there is no guarantee that societies will be organized this way in the future. Terriff also mentions that "this has implications for our understanding of security, for the meaning of security is tied to specific forms of political community. Only to the extent that other forms of political community begin to become thinkable (again), does it make sense to think about security at other levels" (Terriff, *et al.* 1999: 102). Turning to the subject of this research, it is important to remember that the difference in understanding energy security by the energy-producer (Russia) and the energy-consumer (the EU) as well as different political, cultural and historical contexts lead to the growing process of securitisation of energy relations between two sides. As a result Russian leaders are afraid that Europeans are trying to influence the decision-making process in order to get easier access to Russian energy resources and slow down the development of Russian economy, at the same time the EU member states is blaming Russia for the manipulation of its position as an energy-producer in order to achieve its own aims in international relations. This confrontation creates additional constraints on the development of the mutually beneficial energy relations between Russia and the EU. So the place of de-securitisation is to remove these contradictions caused by the difference in perspectives. The potential ways of removal of these constraints are discussed in Chapter 5.

John Searle calls a speech act 'an institutional fact', when a securitising actor presents an issue as a threat, because he or she wants an audience to believe that it is actually threatens their security (Searle as quoted in Rust, 2009: 120). Consequently, the 'institutional facts' may be more important than real ones in determining outcomes: the perceived power of a state, and therefore its ability to determine outcomes, may exceed (or under-state) its

real capabilities. In the positivist conception there is reality, and perceptions: 'real' facts and 'perceived' facts, and the analyst may compare the two. However, for the post-positivist, there only socially constructed knowledge; there is no 'real world' in the positivist sense (Brocklesby, *et al.* 1996: 742). Rather, perceived facts and real facts are one and the same. In case of EU-Russia energy relations, there are certain undeniable facts, including the volumes of production and export. However, these facts need to be explained and presented to the audience in a certain way to be accepted as risks or threats to security. For example, the fact that the Russian government owns 51 per cent of Gazprom's shares raises concerns in the EU (see Chapter 3 for more detail). Gazprom is sometimes presented as a foreign policy tool in the literature (Smith, 2006:1). However the Norwegian state owns on even bigger share (67 per cent) of the major Norwegian company Statoil (Proedrou, 2012: 108). But, this fact does not cause any tension in EU-Norwegian energy relations, because "contrary to Russia, the Norwegian gas sector adheres to liberal principles" (Proedrou, 2012: 108). This example demonstrates that it is the perception of the real facts and figures, which matters for the security construction. And this construction of reality is often created by institutions and actors whose authority is recognized by the audience (Rust, 2009: 120). As mentioned in the beginning of this section, epistemology focuses aimed on answering the question "What do we know?" This question is closely connected with the other one 'How do we know what is real?' The study of ontology tries to answer this question. The next section of this chapter describes ontological assumptions of this research in more details.

Ontology

It is argued that the term ontology was introduced by Aristotle as a theory of being as such or an investigation of the principles of things. His definition is the following: "there is a science which investigates being as being and the attributes which belong to this in virtue by its own nature" (Kajpayil, 2008: 1-2). In more recent and widely accepted understanding ontology refers to theory of what exists (Kajpayil, 2002: 26). Kajpayil defines ontology as follows: "Ontology means discourse on being as such" (Kajpayil, 2002: 26). Because ontology is important for the understanding and explaining the nature of reality, this idea has been introduced in all philosophical traditions all over the world. Wyn Jones (Jones, 2001: 45-46) writes about the two main meanings of ontology: Universality I and Universality II:

1. Universality I is rooted into the European Enlightenment and Christian religion. The main idea of the Universality I is that humans have been created Godlike (including our mind), which makes us capable for understanding or discovering the truth of the universe,

2. Universality II is based on the assumption that there are specific structures which are characterizing the being of the particular historical epoch. These structures are collectively constructed by intellectual tradition of particular historic period of time; "the purpose of defining them is to construct a base point for considering the problems of maintenance or transformation of a particular historical order. Universality II is universal in a transitory way, the synchronic picture of something that is diachronically changing" (Jones, R. 2001: 46). Kajpayil argues that Universality II can be compared with Hegel's ideas on ontology, who also emphasizes the importance of the historical context for the understanding of being (Kajpayil, 2002: 27).

In Kajpayil introduces the idea of being-principles as the central for ontology. To know something we need to know its being-principles or in other words the principles of its existence (Kajpayil, 2002: 28). The being-principle is the reason for existence. Each phenomenon in the world has its own being-principles to exist, since nothing can exist without it (Kajpayil, 2002: 29). Both scientific and philosophical research is orientated to understanding the being-principles of the subject to be investigated. However, these traditions have different methods: science is focused on the empirical methodology. Philosophical tradition in its turn "goes beyond empirical explanations and asks questions about ultimate principles of things, the principles that are the ultimate reasons of the world's constitution and meaning" (Kajpayil, 2002: 30). In the 1990s there was an epistemological turn in International Relations which gave way to a greater attention to ontology.

There is no single point of view on the study of being and ontological perspectives may vary from thinker to thinker. Every theoretical tradition has its own discourse on the question of ontology. This thesis is based on the assumptions of critical theory and this section is concluded by the summary of critical ontology. Critical ontology argues that empirical and non-empirical methodology should be combined in order to know the

"ultimate principles of the world" (Kajpayil, 2002: 30). The aim of ontology is to organize, describe and analyze the experience to build up our understanding of being, existence (Kajpayil, 2002: 27). Critical ontology also criticizes more traditional ontological traditions for the focus of the state. Ontology should be more open and include other categories of being (non-state, post-sovereign ones) (Buzan, *et al.* 2003: 75). This critical shift in ontology is an ongoing process with the focus on the agency which is stimulating and shaping transition of the structures from the past to the future (Jones, 2001: 46).

Axiology

Axiology refers to the grounding of values in social research. The positivist approach argues that research should be value free. On the other hand, the critical, post-positivist approach acknowledges the influence of the values of a researcher on the research process. Karin Klenke argues that: "all research is value laden and biased. The value system a researcher brings to his or her research informs the research methodology" (Klenke, 2008: 17). The impact of the values on the research includes different levels. First of all, critical social research studies the social environment created by human actors (including individuals, groups and institutions) but not always controlled by them. This social environment includes also meanings, values, norms and beliefs, the interpretations of which often influence human actions (Comstock, 1982: 388). This discussion is relevant to the idea of reflexivity. Elliot defines reflexivity as "world of self-monitoring of our own lives, the lives of others (both proximate and distance), and wider social happenings" (Elliot, 2008: 133). Giddens writes about it as follows: "all forms of social life are partly constituted by actors' knowledge of them" (Giddens, 1990: 38). In other words, the reflexivity is an important part of social life. From one side, social practices could be reformed as a result of critical reflection and evaluation of these practices (Giddens, 1990: 38). From the other side, reflexivity in social research helps to evaluate how researcher's personal values affected the research process. It is important to take into account values and beliefs not only while analyzing the decision-making process of Russian and European leaders, but also to be reflective on how the personal values and beliefs of the author of this thesis affected the research process (including the interpretation of the results). The conclusions (p. 219-220) reflect on the role of reflexivity for this research in more detail. The post-positivist approach allows the researcher to be both critical and self-critical. Traditional positivist methodology claims that

the outcomes of any research are supposed to be value-free: “a researcher took care to separate his or her everyday life… for making value free judgments” (Bailey, 1994: 29).

The post-positivist approach acknowledges that it is hardly possible for a researcher to be objective, because each researcher is influenced by his own background. Critical theory acknowledges the influence of researcher’s values and ideologies on the research process and outcomes. Moreover, the researcher’s values and beliefs are influenced by the research process as well (Canagarajah, 1999: 324). Kenneth Bailey writes the following about value-free research: “The value-full approach views scholarship as not only value-laden but also inherently political. Thus, according to this position, a researcher can never be value free but in reality is always representing some political position, be it overt or covert” (Bailey, 1994: 31). Thus, the approach to the collection of data and the presentation of its analysis in this thesis has to some extent been influenced by the values of the researcher. As stated above, this process is defined as reflexivity in social research. Etherington writes that reflexivity is “the capacity of the researcher to acknowledge how their own experiences and contexts inform the process and outcomes of inquiry” (Etherington, 2004: 31-32). At the same time, I have tried to achieve some measure of critical distance from the evidence and argument deployed here, and reflexivity has formed one of the means of achieving this. Lynch talks about “additional level of reflexivity regarding our own assumptions and intentions, and how much of our experience and background we reveal in the research process” (Lynch, 2008: 717). In other words it is important to talk about the positionality of a researcher and how the positionality affects the research process. I am a Russian citizen; I grew up in Russia and got my undergraduate degree in Russia. My personal background influenced the original perspective on the subject as well as an interpretation of the data collected through secondary and primary research. The in-depth knowledge of Russian language and culture is an advantage in studying the EU-Russia energy relations, because it made it possible to access a wider variety of sources in Russian language (including the interviews), and therefore, contributed to the originality of this dissertation and helped to provide more balanced overview of the problem. A CSS approach requires that the researcher recognises her own position, and manages the implications of that position through the continuing practice of reflexivity. This is not to eliminate bias, but to make closer approximation to a least biased argument possible, understanding one’s position more as a resource than as an

obstacle to research (Booth, 2007; Fierke, 2007).

Method

The term methods refer to the set of techniques which are used in order to collect and analyze data. The term 'method' came from ancient Greece and the original meaning was "a route that leads to the goal" (Gibrium, *et al.* 2001: 86). The central question is "how it comes that EU-Russia energy trade is highly politicised/securitised?" Below is a brief summary of the methods used in this thesis to answer the research question: literature review and the analysis of legislative documents, semi-structured interviews, and media analysis of Russian and British printed media.

Literature Review

Conducting a literature review is an important milestone in the research process. The analysis of the existing publications devoted to the EU-Russia energy trade allowed both to find the gap in the literature and to place this research within the existing academic context. The in-depth review of literature in both Russian and English languages demonstrates, that despite a lot of books and articles being published on the subject of energy security in general, and EU-Russia energy trade in particular, the majority of these authors focus on either the position of the energy consumer (the EU) (Smith, 2004; Smith 2007) or the energy producer (Russia) (Simonov, 2008; Rahr, 2008), with an exception of a few more moderate opinions (Goldthau, 2008; Aalto, 2009). This thesis argues that the analysis of the securitisation process of EU-Russia energy trade requires the complex understanding of socio-political contexts in both Russia and the EU member states. The literature review helps to achieve two goals: to locate this dissertation within the existing academic context, and to acknowledge the sources which were especially useful for the development of the argument. There is a large body of literature on energy security and EU-Russia energy trade. For the purposes of this literature review the existing literature was located within the imaginary spectrum. Russian and Western literature, which argues that the energy security of Russia and the EU is threatened by the other side, are situated on the extreme ends of the spectrum (p. 19-26). The authors with more moderate views are situated in the middle of the spectrum (Goldthau 2008, Aalto, 2009). This dissertation fits into the middle of the spectrum as well, but even though the author of this thesis agrees that the international governance of

energy trade is important, it is necessary to critically deconstruct both Russian and European understanding of energy security. Without the awareness of all the factors influencing the securitisation process, it could be very difficult to establish the mechanism of the international governance which would satisfy all the sides involved.

This dissertation argues that to understand the complexity of the securitisation of EU-Russia energy trade, it is not enough to look at the problem from the perspective of either the energy consumer (the EU member states) or from the perspective of the energy producer (Russia). It is important to look at the different levels and actors influencing energy policy construction, including the perception of the actors on the actions of one another and their response to these actions. That is why neither of the extremes of the literature spectrum explains why the energy trade between Russia and the EU are securitised? In between the two extreme ends of the spectrum there are authors who represent more balanced views of EU-Russia energy relations. Talking about the most influential publications in English language, the works of the following authors were especially useful for the analysis of the securitisation of EU-Russia energy relations: Stern, Pleins, Hanson, Sakwa, Rutland, Lane, Goldthau, Orttung, and Aalto. Not all of these authors are talking about security and securitisation per se, but their in-depth analysis of economic, political, social or technical issues contribute to deconstruction of the securitisation of EU-Russia energy trade. The review and reflection on their ideas are presented throughout this dissertation, and the introduction includes the indicative literature review, which positions this dissertation on the spectrum of the existing literature. The methods used to collect the primary evidence are described below in this chapter.

Analysis of legislation, official documentation, and international agreements in energy sphere

To study the official perspective of policy-makers to the problems of energy security for Russian and European states the analysis of the official documents is conducted, which includes Russian legislation in the sphere of energy resources and energy trade, international agreements on energy trade regulations (for example, ECT) and European legislation. For instance, the high levels of dependence on energy imports are reflected in the official documents of the EU. For instance, the Second Strategic Energy Review aims to draft a plan

for decreasing the dependence of the EU on energy imports. One of the EU plans, the so-called 20-20-20 strategy is developed to reduce greenhouse emissions by 20 per cent, to increase the share of the renewable energy by 20 per cent, and to improve energy efficiency by 20 per cent, all of it by 2020 (EU Energy Security and Solidarity Action Plan). The EU's 20-20-20 strategy is orientated to the medium and long-term development, because it requires serious and time consuming changes in the energy system of the European states (with public authorities, energy regulators, infrastructure operators, the energy industry and citizens all actively involved) to create a diversity of non-fossil fuel supplies, flexible infrastructures and capacities for demand management (EU Energy Security and Solidarity Action Plan). In its turn, the Energy Strategy of Russia for the period of up to 2020 is stated that the energy security is the important element of the national security (Energy Strategy of Russia, 2003). This proves that Russia as energy producer also feels vulnerable to threats of energy security. Other remarkable example of Russian legislation on energy related issue is the Federal Law on Gas export. In July 2006 the State Duma of the Russian Federation passed the law on gas exports, which gives Gazprom the undivided right for the export of gas (Federal Law of Russian Federation N117, 2006).

The results of the analysis of the official documents can be found in Chapters 2, 3 and 5 of this dissertation. For example, Chapter 3 looks at the development of Russian legislation on foreign direct investment over time. This analysis demonstrates that historically, the protection of the rights of foreign investors has been a weak point in Russian legislation and could not be blamed on the decisions of the current government. Chapter 5 looks at the latest European legislation (the so-called Third Energy Package) on the development of common European energy policy, which focuses on protection of the European consumers from the high levels of dependence on the external energy suppliers. However, the important element of the securitisation process is the negotiation of the security related decisions to the audience. To analyze this process the media analysis of European and Russian newspapers has been conducted.

Media Analysis

Securitisation through the speech act argues that a securitising actor can present an issue as a threat by negotiating it to the audience. This dissertation is structured in a specific way in

order to present the different levels of the speech act of security on the example of EU-Russia relations. Chapter 4 is devoted to the analysis of the level of act, and looks at the negotiation process on the example of the media analysis. This section tries to explain why the media analysis is a valid choice of the negotiation process. It is important to differentiate between different types of ownership of media companies. There is a difference between how the same issue may be presented in private, independent mass media sources and the so-called elite media, which represents the official point of view. Chomsky defines the elite media as "the agenda-setting media because they are the ones with the big resources, they set the framework in which everyone else operates" (Chomsky, 1997: 1). The New York Times, BBC and CNN are examples of the elite media. Typically they are large and influential corporations and comprise part of the power system within states (Chomsky, 1997: 2). Mass media might be used as the source of the negotiation of the securitisation of the problem with the audience. Ivan Zassoursky describes it as follows:

> "The recognition issue is best solved through a system of culture codes, which are at the disposal of the audience, and through comparison with the images of other public personas, both living and dead. A favorable political image is always a multi-layered construct in which various "prompts" for mass consciousness are present on a symbolic level" (Zassoursky, 2004: 132)

Media analysis is chosen as a research method, because it is the only accessible way to study and compare how energy related issues are presented in both Russia and the EU. It helps to answer the following questions: 1) how the problem is shaped in mass media? It could be understood from the analysis of which elements of the story are mentioned more often, which people are quoted? 2) Who has been quoted, how often and in what context? 3) What elements of the story are covered, and what are ignored? 4) How often the issue is mentioned in media, is it prioritized by media over other problems? (Gould, 2004). In other words through media analysis one can get an understanding of shared knowledge and common identity within the society (O'Keefe, 2006: 127). For the purposes of this research eight newspapers have been selected: four Russian ones (*Rossijskaya Gazeta, Kommersant, Komsomolskaya Pravda, and Nezavisimaya Gazeta*) and four British ones (*The Guardian, The Independent, The Daily Telegraph, and the Observer*). In the case of Russian media, some of the newspapers have more pro-governmental orientation (*Rossijskaya Gazeta*) and the

others position themselves as independent ones (*Nezavisimaya Gazeta*). British newspapers selected also do have unofficial political affiliation with the parties situated on the different ends of the political spectrum. The time frame for media analysis is two months: December 2008 and January 2009. The purpose of the media analysis is to compare how the energy crisis between Russia and Ukraine in January 2009 has been presented in Russia and in Europe. The result of the media analysis is described in Chapter 4 of this thesis. British newspapers were selected as an example of the European mass media, because of its accessibility to the author of this dissertation, and the language constraints in the analysis of the printed media of other member states. However, in order to prove that British newspapers share the general media frame with the rest of the EU member states, the indicative analysis of cross-European media sources has been used as well.

Interviews

Gillham defines an interview as follows: "Interview is a conversation, usually between two people. But it is a conversation where one person – the interviewer – is seeking responses for a particular purpose from the other person: the interviewee" (Gillham, 2000: 1). The interviews are used in both qualitative and quantitative research practices, but they have different structure and purpose. Quantitative researchers prefer to use structured interviews, which are built from the same questions to be asked to each interviewee. In general, questions in structured interviews leave little freedom for the interviewee's response. The interviewer controls the conversation as if "it were a theatrical script to be followed in a standardized and straightforward manner" (Denzin, *et al.* 2003: 68). The main difference between structured and unstructured interviews is that the former is to use coding patterns to interviewee's response in order to prove pre-established assumptions, the latter in its turn, "attempts to understand the complex behavior of members of society without imposing any prior categorization that may limit the field of inquiry" (Denzin, *et al.* 2003: 74-75). Gubrium and Holstein: "The purpose of most qualitative interviewing is to derive interpretations, not facts or laws, from respondent talk" (Gibrium, *et al.* 2001: 83). In other words the qualitative interview does not aim to quantify data, but tries to understand the interviewee's personal interpretation of the subject (Kvale, 1996).

The interviews conducted as part of this research are aimed at the personal opinion

of the interviewees. That is why qualitative semi-structured interviews have been used. Gubrium and Holstein are defining qualitative interviewing as "a guided conversation in which the researcher carefully listens "so as to hear the meaning" of what is being conveyed" (Gubrium, *et al.* 2001: 85). Since an interview is a conversation between two people: interviewer and interviewee, both of them may have different social backgrounds (including gender, race, and education) which has influenced their perspectives (Gubrium, *et al.* 2001: 84). The background of the researcher may influence the interpretation of the respondent's words (Gubrium, *et al.* 2001: 97). Qualitative interviewing could be described as follows:

> "The social contexts of the interview process are not viewed as something to be controlled, but instead are seen as an important part of meaning making in its own right. Qualitative researchers, in other words, treat the unfolding social contexts of the interview as data, not as something that, under ideal conditions, can be eliminated from the interview process" (Gubrium, et al. 2001: 91).

There are different types of qualitative interviews: unstructured and semi-structured interviews. Both of them have their own strengths and weaknesses. One may argue that unstructured interviews give the respondent an opportunity to speak more freely without the constraints of the interviewer's questions, and so the research may get more information to analyze (Denzin, 2003: 74). Semi-structured interviews were used in this research, since it gives a necessary balance: the interviewer has a list of the topics to be covered, but the interviewee has enough freedom to say whatever he or she considered to be important in relevance to this or that topic (Bryman, 2004: 321). Uve Flick describes the aim of the semi-structured interview as follows: "A goal of semi-structured interviews in general is to reveal existing knowledge in a way that can be expressed in the form of answers and so become accessible to interpretation" (Flick, 2002: 84).

The interviews have been conducted in three cohorts: two in Russia (Moscow and the Altai Territory) and one in Europe (Belgium and Germany). The interviews conducted in Moscow and Brussels were centered on the similar topics: the diversification of energy supplies, the transit conflict with Ukraine, the construction of new pipelines North Stream and South Stream, and the question of foreign investment to the Russian energy sector. Apart from these interviews some of the comments have been collected during

presentations delivered by the experts on energy security, which have been attended during the years of research (for example, a presentation on the EU energy legislation by the EU commission in Brussels, in April 2009). The analysis of interviewees' responses to these questions is important for a number of reasons. First of all, it gave an opportunity to get a deeper understanding of these problems by getting comments from people who are involved in the decision making on energy security in Russian and in the EU. Secondly, asking the same questions in Russia and in the EU aimed at testing the hypothesis that the same issues in energy trade are understood and addressed differently in Russia and the EU. The data collected from the interviews also demonstrate the detailed texture of the differences of understanding energy security, which are grounded in the political, economic and symbolic contexts. The second cohort of interviews conducted in Russia in April 2011 was aimed at collecting data on construction of new pipeline "Altai" to China. Altogether 13 interviews were conducted (the interview schedule could be found in the list of bibliography). The interviews are not the only key source of data in this dissertation and that is why the emphasis was made not on the quantity of the interviews, but on the specific places (Gazprom, European Commission). There were some limitations in access to the interviewees. For example, unfortunately the representative of Russian ministry of energy cancelled the interview due to the sensitive nature of energy security for Russian national security. Moreover, time and language constraints limited the access to a wide range of interviewees in other European member states (for example, Poland).

The interviews provided a valuable contribution to both the development of the argument throughout the thesis and to the claims of originality. The analysis of the interviews conducted in Brussels and in Moscow allowed: 1) to collect primary data on the key issues in EU-Russia relations (ECT, FDI in Russian energy sector, transit conflicts with Ukraine) instead of relying on the secondary sources. These data is used in Chapters 2 and 3; 2) the mirror design of the interviews allowed to support the argument, that Russia and the EU explain the same energy related issues differently. The interviews collected in the Altai Territory on the construction of the pipeline "Altai" to China provided the original data on the development of the Asian vector of Russian energy policy. At the moment of the submission of this thesis, there are no published academic sources which cover the pipeline construction to China in detail. Some of the comments and interviews helped to strengthen some of the

conclusions presented in this dissertation. For example, the comments on the development of Russo-German energy relations were especially valuable for the analysis of German policy towards Russia. The combination of the methods described above allowed collecting the data necessary to answer the research questions rose in the introduction.

Conclusion

The aim of this chapter is to present the theoretical framework of this research and the choice of the methodology, as well as to provide a discussion of the methods used. The theoretical framework of this research builds on the assumptions of CSS, in particular the Balzacqian critique of the Copenhagen School. CSS are chosen for the analysis of the EU-Russia energy relations, because they offer a more complex approach, as compared to traditional state-centric schools of thought; it looks at the problem from the different angles: political, economic, and socio-cultural ones. Balzacq argues that the security speech act should not be simplified to the linguistic act only (Balzacq, 2010): the securitisation happens on two levels: the level of agent, and the level of act. The level of agent studies the securitising actor (whose authority is recognized by the audience); the audience and the context of securitisation. This thesis underlines the importance of the context of securitisation, which is used by the securitising actors to negotiate an issue to the audience. The level of act is concerned with the linguistic element of securitisation. The choice of theory informs the structure of this thesis. Chapters 2 and 3 are devoted to the level of agent, and focus mainly on the context of securitisation and its interpretation by the securitising actors. Chapter 4 uses the media analysis to deconstruct the securitisation process on the level of act. The choice of theory and methodology contributes to the originality of this research. The literature review demonstrated that despite the fact that there are a lot of academic sources published on the EU-Russia energy relations, none of them applied the concept of the security as a speech act to the same extent as this study. Moreover, the primary data collected through media analysis and interviews in Russia and the EU also support the claim to the originality.

Chapter 2

The level of agent: the EU

Introduction[1]

As stated in Chapter 1, the securitisation process happens at two levels: level of agent and that of the act. Chapters 2 and 3 are devoted to the level of agent. This chapter will look at the level of agent in the EU, and Chapter 3 will move on to Russian example. The level of agent includes three main elements: actor, audience and context. Due to the specific nature of EU-Russia energy trade the main actors involved are the governments of energy consuming and energy producing states and major energy companies. The audience (when talking about the EU) consists of both European officials and the national audiences. Chapters 2 and 3 focus on the context of securitisation as the main variable when analyzing the securitisation process in Russia and the EU. This thesis argues that the context is of key importance for understanding both the reasons and the process of securitisation. According to Spitzel, "an actor cannot be a significant actor and a speech act cannot have an impact on social relation without a situation that constitutes them as significant" (Spitzel, 2007: 367). The context enables the securitising actors to 'speak security', to interpret the context in a way which could be understood and supported by the audience. To present an issue as a threat, the securitising actors mobilize the symbols rooted in the identity and collective memory of their target audience (Bourdieu, 1991: 181; Williams, 2007: 63). The symbols used by the securitising actors are embedded into the social context of securitisation (Balzacq, 2002: 479). Chapters 2 and 3 look at the contexts of securitisation, how they influence the securitisation actors and how the actors manipulate these contexts in the securitisation process.

Despite the high levels of interdependence in energy relations, EU-Russia relations are far from perfect due to the securitisation process initiated by both Russian government and the EU member states. Therefore, the main aim of these two chapters is to analyze what leads to the securitisation of energy policy in general, and EU-Russia energy relations in particular. However, this thesis doesn't try to compare energy policy construction in Russia and the EU, because both Russia and the EU have very different political and economic structures, and

[1] Some of the material presented in this chapter contributed to the following publication: Khrushcheva, O. (2011), The creation of an Energy Security Society as the way to decrease securitization levels between the EU and Russia in energy trade, *Journal of Contemporary European Research*, 7 (2), p. 216-230,

different understanding of energy security. This thesis argues that the securitisation in the EU caused by the following reasons: the complex structure of competence division between European institutions and the member states; member states differ in their approach to energy policy; the national energy policies of the member states often clash and contribute to securitisation both within the EU and in EU-Russian relations.

To illustrate and support this argument better this chapter looks at the European context of securitisation: the division of competences between the EU and member states, with the limited ability of the European institutions to influence the national policies of the member states. The second part of this chapter is devoted to the national level of securitisation, how member states affected by the European and domestic context in development and implementation of their energy policies. Poland and Germany are selected as case studies of the individual member states as the securitising actors. Both Germany and Poland depend on Russian energy supplies and are potentially vulnerable to energy supply interruptions by Russia. Germany is largest consumer among the original 15 member states, and Poland is a former member of the Soviet bloc. Moreover, these two countries have a different history of relations with Russia and pursue very different energy policy approaches towards it.

European Context

CSS promotes a hermeneutical approach in which facts can only be understood in the context of social process (Jahn, 1998: 615). However, it is impossible to look at interpretation of facts, before studying facts first. In case of EU energy policy and EU-Russia energy relations these facts include the levels of self-sufficiency and dependence on the external energy suppliers of the EU member states. That is why this chapter begins from a brief overview of the facts which are particularly relevant to the context of securitisation. The self-sufficiency of the EU, in terms of energy consumption, is gradually declining. At the present moment, the EU imports around 45 per cent of its natural gas consumption from outside the EU (Egging, *et. al* 2006: 2763) and it is expected that this import share will grow in the near future. In next 20-30 years, EU dependence on external natural gas supplies could reach up to 70 per cent (Umbach, 2010: 1236). In the case with oil, it becomes easier to transport gas long distances and, consequently, it could be imported from the remote geographical locations. The natural gas market, in contrast to the oil market, is much more limited to the

regional level, due to transportation limitations. At the moment, the EU imports natural gas from three main sources: Norway, Algeria, and Russia. Among these three countries, the Russian company Gazprom is the largest supplier of natural gas to Europe. Presently, Russia accounts for around 23 per cent of overall European natural gas imports (Umbach, 2010: 1236). The Russian Federation is one of three main suppliers of natural gas to the EU and is also an important oil exporter to the region. However, the different member states of the EU are not equally dependent on Russia. Central and Eastern European states are more dependent on Moscow, importing between 50 to 100 per cent of their energy consumption requirements from their Eastern neighbour; whereas the original fifteen member states are far less dependent on Russian supplies. Due to the different level of dependence of the EU member states on Russian energy supplies, individual member states often prefer to develop bilateral approach in relations with Russia. Some of the member states might have contradictory policies towards Russia, and the lack of coherent energy policy makes the coordination of EU-Russia energy relations even more complicated. That is why it is important to look at the development of the Common European Energy Policy.

The EU is a multi-level system of governance, with the decision-making powers shared between the EU institutions and the member states. The division of powers between the member states and institutions is a part of the context of securitisation, because there is a clash between the bilateral national energy policies of individual member states and "the broad consensus over the need for a more integrated energy policy" (Natorski *et al.* 2008: 72). Spitzel writes about a structural context of actor-ness; this context "constitutes actors and provides a frame of enabling and constraining conditions" (Spitzel, 2007: 368) of securitising powers of different actors. That is why an overview of the European legislation defining competences of both the EU institution and the individual member states is essential for understanding which actors have an ability to present an issue as a threat.

In spring 2011, new European legislation on further liberalization of the European energy market and unification of approach towards external energy suppliers came into power. However, in reality, this process began as early as in 1980s, when the main provisions of what is known now as the Third Energy Package (liberalization of energy markets and integration of energy infrastructures) had been formulated. This process can be divided into three stages: 1) the end of the 1980s–the beginning of the 1990s; 2) the early 2000s; 3) the third

energy package, which came into power in spring 2011. A brief overview of this process, as well as the development of energy policy prior to 1988, is presented below.

It is well-known that two out of the three original treaties of European integration have been concerned with the energy industry and trade. They are the European Coal and Steel Community (ECSC) (1952) and the European Atomic Energy Committee (Euroatom) (1957) (Matlary, 1997: 14). The former was created in order to ensure the economic reconstruction of post-Second World War Europe and, at the same time, to facilitate peace between Germany and France. Janne Haaland Matlary (Matlary, 1997: 15) describes these intentions:

"…it seemed an excellent idea to try to forge integration between the two old foes – France and Germany – by creating a common policy for coal and steel production. This was an instrument to advance peace building; a functional tool of economic policy that would lead to lasting peace, it was hoped"

The ECSC basically created a common market for coal, which was the main source of energy at that time. The treaty proposed to put the coal industry in Germany and the steel industry in France under the control of a supranational body – the High Authority. Apart from France and Germany, the Benelux countries and Italy also took part in the treaty (Matlary, 1997: 15). The Euroatom, in its turn, was developed to support the nuclear industry of the European countries by controlling them through the Euroatom Supply Agency (De Long, 2008: 96). Euroatom also had the ambitious goal to sell nuclear power to non-Community countries. Among other things, Euroatom has been responsible for funding nuclear research (Matlary, 1997: 17).

It is important to answer, why, considering that two of the founding treaties of the European Community have dealt with energy problems, energy policy is considered to be one of the weak points in European integration? Matlary explains that both the treaties were designed to facilitate the political and economic integration of Europe, but not to create a comprehensive energy policy (Matlary, 1997: 16). In the first decades after the end of the Second World War, energy has been an important element of the economic reconstruction of European states. Each member state considered it to be an important part of national security and, consequently, resisted delegating any authority in this area to the supranational level of the European Community (Padgett, 1992: 53). However, at the end of 1950s, three of

the EC supranational bodies decided to attempt to develop a Common European Energy Policy (De Jong, 2008: 96). This policy was not successful due to changes in the internal energy sectors of the member states. According to de Jong, since the early 1960s, six European member states have been using different energy sources domestically. France and the Netherlands have become more and more dependent on oil, Germany and Belgium "opted for a very gradual transition away from coal" (De Jong, 2008: 96). It may be concluded that in the post-war era, the member states preferred to protect energy security on the national level and did not see how the integration and unification of energy sector may benefit them. The situation started to change with the growing dependence on oil and gas, and, consequently on external energy suppliers. The importance of security of supply became especially evident after the oil shocks of the 1970s.

The growing importance of oil also played a role in the development of a Common European Energy Policy. All the mechanisms and bodies established by the ECSC and Euroatom were mainly concerned with coal and following the increase of oil consumption gradually became obsolete (Matlary, 1997: 18). Even the oil shock of 1973–74 did not facilitate the development of a single approach towards energy security. As Matlary notes, "EC countries opted for bilateral agreements with [the] Arab oil producers, who rewarded them according to their stance on the Arab–Israel question" (Matlary, 1997: 17). It was US Foreign Secretary Henry Kissinger who pressed for the establishment of an oil-sharing mechanism, developed in 1974 (De Jong, 2008: 97). This decision was followed by the creation of the International Energy Agency (De Jong, 2008: 97). The European Community did not make a lot of progress on the question of a Common European Energy Policy up to the middle of the 1980s. Even when, in 1986, the Single European Act introduced the decision to create an internal market, energy was not included in the White Paper (Matlary, 1997: 19 -20). Due to the instability of energy markets and, consequently, the vulnerability of energy supply, European countries have been mainly concerned with security of supply, rather than with market integration.

In 1988, the European Commission designed an inventory, outlining an action plan for the creation of the Internal Energy Market (Padgett, 1992: 57). The action plan included the following points: 1) the harmonization of taxation and technical standards, as well as the opening up of public procurement; 2) the liberalization of the energy market, by application

of the Community law on free movement of goods and services; 3) the harmonization of cost-price structures in Member States, and the integration of energy infrastructures (Padgett, 1992: 57). From the early 1990s, key elements of the European energy programme have been formulated; these elements are markets and competition and environmental factors of energy security. Jacques de Jong notes that, at this period of time, "fuel supply […] gradually entered […] the domain of EU competence" (De Jong, 2008: 98).

In 1994–1998, the EU began the development of a programme for the liberalization of the electricity and natural gas markets. In 1998, Directive 98/30/EC of the European Parliament and of the European Council of 22 June 1998, concerning common rules for the internal market in natural gas, was issued. This Directive was replaced by Directive 2003/55/EC of the European Parliament and of the Council of 26 June 2003, concerning common rules for the internal market in natural gas (Maican: 6-7). The second Directive gave an opportunity to commercial consumers to choose suppliers starting from July 2004. Residential consumers received this right three years later, in July 2007 (Maican: 7). In September 2007, a new Directive on energy has been adopted, which was supposed to create legal framework for "complete ownership unbinding" (Maican: 7). However, due to opposition from the individual member states, the European Commission adopted the original provisions, in favour of the creation of an independent system of operators, "which allow the big European energy firms to maintain ownership of transmission networks but leave management decisions to the Independent System Operators" (Maican: 7).

At the moment the Common European Energy Policy aims to achieve the following:

"A European Energy Policy will firmly commit the EU to a low consumption economy based on more secure, more competitive and more sustainable energy. Priority energy objectives involve ensuring the smooth functioning of the internal market in energy, security of strategic supply, concrete reductions in greenhouse gas emissions caused by the production or consumption of energy and the EU's ability to speak with a single voice on the international stage" (An Energy Policy for Europe, 2007).

To put it simply, the EU is aiming to unify the internal market and acknowledges the importance of diversification of supplies by developing renewable energy sources. This communication also demonstrates the intention of the EU to coordinate relations with

energy producers. These provisions are known as the Third Energy Package. However, it is important to note that "the Third Energy Package didn't involve a significant amount of adding primary legislation, no new policies" (Lewiner, 2010) and is mainly concerned with development of internal market. Considering that the main provisions of what is now known as the Third Energy Package had been formulated in the late 1980s, it is difficult to say whether the EU has achieved these aims yet. From an overview of the struggle towards the Common European Energy Policy, it demonstrates that the states' willingness to implement incentives proposed by the European institutions is influenced by domestic energy security needs, and the competence of the European institutions over energy is still limited. Energy related issues are shared competence between the EU and member states. According to Hadfield (2012) "as of 2009, the European Commission has competence in issues where energy relates to internal and external trade, environmental requirements (climate change and sustainable development), and various aspects of competition" (443). The completion aspects are mainly related to the anti-trust issues. For example, in February 2010 the EU DG Competition reached an agreement with Italian company Eni over the ownership of its European gas pipelines, as a result Eni agreed to renounce its ownership of these pipelines (Lewiner, 2010). The European Commission also has some competence to scrutinise energy contracts between the member states and external parties (Hadfield, 2012: 443). However, the overall power of decision-making and control of external energy policy is still limited. Guild *et al.* defines it as "the logic of intergovernmentalism (Guild *et al.* 2008: 15). The multi-level decision-making structure together with a certain level of mistrust between individual member states create a securitisation context in which a variety of actors operate (Guild *et al.* 2008: 21).

Considering that the EU is dependent on the energy supplies from non-EU member states, it is important to discuss external energy relations when analysing the development of the Common European Energy Policy. As it was mentioned above the competence of the European institutions are limited to spill-over of the internal market, these developments also shaped framework for external energy market relations with energy-producing states, and transit states. This was reflected both in internal policy development and through international agreements with non-EU countries. The Council Directive 2004/67/EC (26April 2004), concerning measures to safeguard the security of natural gas supply states:

"In order to meet growing demand for gas and diversify gas supplies as a condition for a competitive internal gas market, the Community will need to mobilize significant additional volumes of gas over the coming decades much of which will have to come from distant sources and transported over long distances".

Rudolf Egging and Steven Gabriel outline several legislative, informative and infrastructural measures in an attempt to secure energy supplies (Egging *et al.* 2006: 2763). This includes legislative provisions for the separation of gas-supplying companies from transportation network operators, legal requirements for open access to transportation networks of third parties and the establishment of a Monitoring Agency that "should develop a database of production volumes, demand estimates and stock levels" (Egging *et al.* 2006: 2763). These provisions are part of the Third Energy Package, and are also rather limited in an ability of the European institutions to influence energy relations with external energy suppliers and are mainly spillover effects of internal energy market.

Finally, as it was mentioned above the EU also has a certain degree of authority when dealing with renewable energy and energy efficiency, one of the most important and recent steps in this direction is the Second Strategic Energy Review, which aims to draft a plan of decreasing the dependence of the EU on energy imports. One of the EU plans, the 20-20-20 strategy has been developed to reduce greenhouse emissions by 20 per cent, to increase the share of the renewable energy by 20 per cent, and to improve energy efficiency by 20 per cent; all of these tasks are to be completed by 2020. The EU's 20-20-20 strategy is orientated to the medium and long-term development, because it requires serious and time-consuming changes in the energy systems of the European states (with public authorities, energy regulators, infrastructure operators, the energy industry and citizens all actively involved) to create a diversity of non-fossil fuel supplies, flexible infrastructures and capacities for demand management (Egging *et al.* 2006: 2763). The EU is looking for ways to diversify its energy supply; for instance, through the development of supply from Caspian and Middle Eastern sources, or through the development of an infrastructure for Liquefied Natural Gas (LNG) transportation, and usage to and between Member States (Egging *et al.* 2006: 2763). A more detailed description of the EU plans to diversify the supply routes are described in Chapter 5, which focuses on the consequences of the securitisation of the energy trade and demonstrates the result of lack of coherent energy policy on the attempts of supply

diversification.

The section above demonstrated the limited authority of the EU in relation to internal and external energy policies. Energy is one of the shared competences between the EU and member states. Both in internal and external energy relations, the European institutions mainly have decision-making powers in aspect related to internal market and renewable energy. The additional complication in relations with Russia is the lack of coherent international agreement which would coordinate both Russian actions and the actions of all EU member states in the same way. In the 1990s an attempt was made to develop such a network – the ECT. The ECT covers a variety of issues related to the security of supplies, starting from markets and competitions, to dispute settlement and transit regulations, as well as environmental provisions. In a sense, the ECT is supposed to be a soft power or external government mechanism, developed in order to promote internal European values to non-Community countries. Originally, it was mainly aimed at the CIS, Central and Eastern Europe. At the moment, 51 countries have signed the treaty, and another 20 states and 10 international organizations have observer status. Only five countries did not ratify the treaty: Norway, Iceland, Australia, Belarus and Russia (Maican). Moreover, in 2009, the then Russian Prime Minister, Vladimir Putin, renounced Russian participation in the ECT (Hadfield, 2012: 448), because it overlooks the interests of the energy producers and transit states, and focuses only on the security of supply. The clash of opinions between Russia and the EU on the ECT demonstrate how the securitising actors can attach different meanings to the same issues. Balzacq writes that "the meaning of the world is framed… by the members of a specific society" (Balzacq 2002: 475). The ECT affects members of different societies, which are embedded into different contexts and share different identity and collective knowledge, hence proving that security is "multi-perspectival" (Balzacq, 2002: 478). At the moment, Russia and the EU are negotiating possible amendments to the ECT, to include the interests of the energy-producing states as well. The ECT is described below in more detail.

The Energy Charter Treaty

The idea of developing an international treaty on energy trade first appeared in the European Council in 1990. The so-called European Energy Charter was developed in 1991. The Charter is "a concise expression of the principles that should underpin international energy cooperation, based on a shared interest in secure energy supply and sustainable economic

development" (Energy Charter website 1). The ECT was developed on the basis of the EEC, "the latter document was drawn up as a declaration of political intent to promote energy co-operation, the ECT is a legally-binding multilateral instrument" (Energy Charter website). The treaty was intended to serve as a political and legal foundation for cooperation in the energy sector. The ECT was signed in 1994 and is a legally-binding multilateral agreement (Haghighi, 2007:188). The ECT is based on five main elements (ECT, 1994): protection of foreign investment, on the basis of national or most favoured nation treatment and protection from non-commercial risks; the energy materials, products and energy-related equipment trade on the basis of WTO regulations; the provision for reliable cross-border transit of energy products; the resolution of conflicts between participating states, or between investors and host states; and the promotion of energy efficiency, in order to minimize negative environmental consequences. Russia signed the treaty, but never ratified it. Moreover, in 2009 the Russian government "terminated its provisional application of the ECT in August 2009" (Hadfield, 2012: 448).

In the 1990s Russia took part in negotiations of the ECT and signed it. Therefore, Russia agreed to apply the ECT provisionally subject to its ratification by Russian Parliament. However, the treaty has never been ratified by Russia. Moreover, in 2000s Russian official rhetoric in regards to the treaty has changed and in 2009 the Russian government "terminated its provisional application of the ECT in August 2009" (Hadfield, 2012: 448). As the main argument for denunciation of its participation in the ECT, Russia uses the process of third-party access, which obliges signatory states to provide access to their pipeline networks wherever there is available capacity in these pipelines (ECT, 1994). Russia did not want to lose control over the pipeline network, which connects Central Asian gas with the European market. Current Russian leaders argue that the ECT focused only on the interests of energy consumers, and it was not beneficial for energy producers and transit states to participate in it (Milov, 2008). Moreover, Putin claims that the ECT proved itself to be invalid during the energy crises with transit states. In particular he uses an example of Ukraine, which signed and ratified the ECT and transit protocol, but it did not prevent Ukrainian officials from siphoning off gas destined for Europe (Milov, 2008). The current Russian regime presents the ECT to the Russian population as the treaty signed during a period of political weakness, when Russia was obliged to accept the rules of the game imposed from the outside, which

did not take into consideration Russian interests and needs. At the same time, Putin's government presents Russia as the stronger player, which would never agree to the provisions of the ECT or any other international agreement that would contradict Russian interests (Rahr, 2008: 316–317). For the 'new' Russia, it is a question of prestige and recognition.

The Russian decision to denounce its participation in the ECT was criticized by the EU. Finon and Locatelli write that this decision by the Russian Federation demonstrates that, "Russia had moved towards a model of traditional power, deployed diplomacy backed by force to reassert its influence in its 'near abroad', and was determined to use its energy resources to exert geopolitical influence" (Finon *et al.* 2008: 425). Moreover, some authors argue that the Russian position is based on the misinterpretation of the ECT in regards to the third-party access mentioned above. Hadfield writes that "the ECT's provisions specifically exclude mandatory third-party access to pipeline systems" (Hadfield, 2012: 448). Some of Russian authors also write about the negative impact of Russian withdrawal from the treaty. For instance, according to Milov if Russia did ratify and apply the treaty it may minimise the negative consequences of Russian-Ukrainian gas conflict on Russia's reputation, because the fact of supply interruptions would be investigated following the rules and provisions of the ECT (Milov, 2008). Nonetheless, the current Russian decision to withdraw from the ECT contributes to the securitisation process both in the EU and in Russia. The lack of coherent international agreement and the limited ability of the European institutions to coordinate external energy policy inform the current context of securitisation in the EU.

The EU is a multi-level system of governance, in which the main decision-making powers are shared between the European institutions and the member states. This division of competences contribute to the securitisation process. In particular, energy is an area of shared competence, where the EU has a decision-making powers in areas related to internal energy market, renewable energy and sustainability. The fact that the European institutions have a limited ability to influence the national energy policy of the individual member states means that the crucial decisions on the energy policy are made on the intergovernmental level (Guild *et al.* 2008: 15). This leads to the competition between different securitising actors embedded in different political, economic and social contexts (Guild *et al.* 2008: 21). The majority of the EU member states share the same understanding of the priorities of

energy security. These priorities are market liberalization, integration of energy-transmitting networks, increasing the usage of renewable energy sources, developing energy efficiency and diversifying energy supplies. However, different member states promote different ways of achieving these priorities. Furthermore the high levels of dependence of the EU on Russian energy supplies and incidents of supply interruption in 2006, 2007 and 2009, demonstrated the importance of developing a Common European Energy Policy towards Russia (the EC representative, 2011). However, so far the European institutions have a limited ability to influence national energy policies of the member states. Moreover, in regards to EU-Russian energy relations there is no coherent international agreement to regulate energy trade. As a result, the current context allows the individual member states to develop their own national energy policies in general, and energy relations with Russia. The analysis of the European context of decision-making powers divisions helps to draw the following conclusions:

1. Despite the attempts of the European Commission to increase its ability to control energy trade and distribution both within the EU and in its relations with external suppliers its powers are still limited. Therefore, the member states have a relative freedom to make decisions on energy related issues, including energy trade with Russia.
2. Due to the limited ability of the EU institutions to control bilateral relations of the member states with external energy suppliers, it often doesn't have competence required to stop the individual member states from making controversial policy decisions, which may clash with interests of other member states and with the EU-wide attempts to develop a Common European Energy Policy.

The section below demonstrates how individual member states contribute to the securitisation process in the context described above. The case studies of Poland and Germany are selected for analysis. Both these member states are highly dependent on Russian energy supplies: Germany is the biggest consumer among the original fifteen member-states, and Poland is one of the new member-states highly dependent on Russian supplies. Moreover, each of these member-states takes very distinct approach towards energy relations with Russia. Germany is often criticised for developing bilateral relations with Russia which contradict the mutual European efforts to develop a Common European

Energy Policy. At the same time, Poland promotes development of the Common European approach. In 2007 Poland vetoed the negotiations on new Partnership and Cooperation Agreement between Russia and the EU. Furthermore, a number of authors distinguish Poland and Germany as important actors in EU-Russia energy relations (Aalto, 2009; Natorski *et al.* 2008; Simonov, 2007; Rahr, 2008; Hanson, 2009).

Domestic Context

The previous section was devoted to the context of development of EU's external and internal energy policy. The lack of coherent energy policy on the European level allows the member states and Russia to develop bilateral relations. Some of the decisions of individual member states might contradict the overall interests of the EU and contribute to the securitisation of EU-Russia energy relations. The former EU Commissioner for Trade Peter Mandelson once stated: "The incoherence of European policy towards Russia over much of the last decade has been, frankly, alarming. No other country reveals our differences as does Russia" (Mandelson, 2008). The different attitudes towards Russia within the EU, largely due to the different levels of dependence on Russia and the different historical experience with Russia, also contribute to the securitisation process. When talking about the high level of dependence of the EU on Russian energy sources, it is important to remember that not all member states are equally dependent on Russia in this sense. There are seven member states who are 100 per cent dependent on Russian oil and gas supplies, and another six who are around 50 per cent dependent. Overall, Russia provides only around 40 per cent of the total EU energy consumption (Leal-Arcas, 2009: 351). Goldthau divided European consumers into two groups, on the basis of their dependence levels on Russian energy supplies. The first is "old" Europe, which is less dependent on Russia and imports less than half to no energy resources from Russia (Germany is the biggest consumer in this group with a 46 per cent import share); the second group is made up of the so-called "new" European states, which are almost 100 per cent dependent on Russian supplies, for instance, the Baltic Republics or Poland and the Czech Republic, who import around two-thirds of their supplies from Russia (Goldthau, 2008: 687). The second group includes some states that have had a difficult history of relations with Russia, which can contribute to the securitisation process (for example Poland and the Baltic States). To better demonstrate how the policies of individual member states may contribute towards the securitisation of the energy trade, case studies of

two countries have been chosen: Germany and Poland.

The case of Poland demonstrates how the European enlargement influenced the securitisation of European energy policy. A number of authors consider Poland to be one of the key securitising actors in EU-Russia relations (Raszewski, 2012; Spruds, 2009). Both the high levels of dependence on Russian supplies and history of Polish-Russian relations contribute to these policy developments. However, all these reasons lead to the same goal: to decrease Polish dependence on Russian energy supplies, through diversification of energy supplies (Spruds, 2009: 111), and by "closer inter-connectedness with the wider EU energy market" (Raszewski, 2012: 138). Germany is highly dependent on external energy supplies: "in 2009 Germany had to import 97 per cent of its oil and 84 per cent of its gas" (Demakova *et al.* 2012). And energy cooperation is the central element of German-Russian relations. German relations with Russia are often influenced by economic interests of energy companies and close political links between Russian and German state leaders. Bilateral relations between Moscow and Berlin often raise concerns in the EU in regards to the overall European aims in developing a Common European Energy Policy (Smith 2008; Demakova *et al.* 2012).

Poland

It is easier to present a specific issue as a threat if it fits into a specific social context (Spitzel, 2007: 370). That is why collective memory and national identity play an important role in the securitisation process. The securitising actors use the symbols, shared by all members of society, to negotiate collective understanding (Balzacq, 2002: 475). Balzacq also writes that "security takes place in a particular society, a network of intricate meanings" (Balzacq, 2002: 480). In this case, Poland is a good example to demonstrate the role of national identity and collective memory in the securitisation process. This section looks at how high level of dependence on Russian energy supply and difficult history of relation with Russia shapes Polish perspective on EU energy policy towards Russia.

Misik argues that European enlargement has brought the security of energy supply to the top of the European agenda. The states of Central and Eastern Europe, which joined the EU in 2004 and 2007, are eager to use the EU institutions to ensure their energy security (Misik, 2010: 102). The new member states feel particularly vulnerable in terms of energy

trade with Russia, because of their much higher levels of dependence on Moscow, than the EU-15 (Misik, 2010: 102). Moreover, due to the fact that the majority of the transportation networks connecting Russia with the countries of the Central and Eastern Europe have been constructed during the Soviet times, they are directed mainly one way, from East to West. This limits the ability of new member states to diversify their natural gas supplies away from Russia. The majority of the new member states are insisting on the construction of South-North interconnections within the EU to decrease their vulnerability, in case of supply interruptions by Moscow (Misik, 2010: 102).

The Polish communist past makes Poland, as well as other Eastern and Central European states, more dependent on Russian energy supplies, than the so-called "old Europe". Poland imports around two-thirds of their gas from Russia (Goldthau, 2008) due to the fact that during the Cold War Russia was natural supplier of oil and gas for Poland. The traditionally negative perception of Russia escalates the securitisation process in Poland. Moreover, ironically enough, membership in the EU is likely to increase, rather than decrease, Polish dependence on Russian energy supplies. EU environmental policies are pressing Poland to reduce their dependence on coal, which would increase Polish demand for other energy sources, including natural gas (Smith, 2004). Warsaw fears it will be the "subject of Russia's good will in energy deliveries if future demand increases render their import dependency even more" (Goldthau, 2008) and tries to lessen dependence on Russian energy supplies. First of all, Poland is trying to resist the further expansion of Gazprom in their internal market. Gazprom controls around 35 per cent of the Polish Gas Trading industry. Currently, Poland resists the initiative of Russian energy companies to buy shares in local energy companies, to avoid the growing influence of Russian companies on the internal market (Smith, 2004). In a sense, the Polish perception of Russia as a threat, is rooted in the Polish past and is important part of Polish national identity.

Chapter 1 explained that the securitisation process depends not only on the decisions made and negotiated to the audience by the securitising actors, but also from the context, which can be both based on facts and influenced by socio-political factors. Previous section demonstrated the factual context of Russo-Polish relations: high level of dependence on Russian energy supplies. This sections analyses how the symbolic elements, such as national identity and collective memory contributed to the securitisation of Russo-Polish relations,

and consequently EU-Russia relations as well. Columba Peoples and Nick Vaughan-Williams write that it is easier to present an issue as a threat, "where history of hostile sentiments exist[s]" (Peoples et al. 2010:79). Throughout the history, Polish security and sovereignty has been violated by Russia. A short summary of Russo-Polish relations deduces that their relationship consists of 16 wars (14 of them have been initiated by Russia), three partitions of Poland and 45 years of imposed communism. This history has created the sense that Russia is a threat in Polish national identity. Public Opinion conducted by Public Opinion Research Centre (CBOS) supports this argument. According to CBOS around 40% of Poles described Russo-Polish relationship as bad; 51% as neither good nor bad; and only 4% said they were good (*www.cbos.pl*). To compare the results, a similar public opinion survey in Russia demonstrated that 57% of respondents in Russia consider Poland to be a friendly state, and only 25% as unfriendly (Geoproject: Poland).

The perception of Russia as a threat is accompanied by the self-perception of Poland as "the bulwark of Europe" (Walicki, 1990: 32). For centuries, Poland has associated itself with Western Europe, rather than so-called Eastern Europe. First, this link was related to its belonging to the pan-European community, which is based on the common religious values of the Western world, documented in the fifteenth century. Later, in the eighteenth and nineteenth centuries, the religious community was replaced with the concept of the Western world as one of common civilization, sharing values of freedom and solidarity (Tornquist-Plewa, 2002). Later, in the interwar period and during the Second World War, the Polish elite still associated themselves with the wider Western European community. Poles believe that they were among the founding fathers of the ideas of European integration. During the Second World War, the governments of a number of European states, occupied by the Nazi Germany, were based in London. During the war years, these governments-in-exile started to discuss the first plans for European integration. General Wladyslaw Sikorski, the head of Polish government-in-exile, took active part in these negotiations. On the 11 November 1941, Sikorski and Eduard Benes[2] announced their intention to enter into a "political and economic association" (Wilfried, 2009: 24), which could be joined by other Eastern European states. In January 1942, the Polish and Czech governments agreed to form a Polish-Czechoslovakian confederation after the war. Even though similar ideas were developed by

[2] The head of the provisional Czech government.

other representatives of the Eastern European resistance, Sikorski wanted to gather "the whole of Eastern – Central and South-Eastern Europe into one federation". In 1942, he organized a round of negotiations between the representatives of the governments of Poland, Czechoslovakia, Norway, Belgium, the Netherlands, Luxemburg, Greece, Yugoslavia and the "Free France" Committee to discuss the organizational principles of the European Confederation to be created after the war (Wilfried, 2009). When, after the end of the Second World War, Poland as well as other Central and Eastern European states found themselves under Communist rule, Poland felt unfairly cut out of Western Europe.

From this example, you can see the constant presence of the Russian threat, both as an aggressor, who had attacked the Polish lands in 1939, and an oppressor, who had suppressed the Polish right to political self-determination for the 45 years of communist rule. Secondly, the sense of belonging to Western Europe and pan-European ideas had already begun to be developed during the Second World War. And finally, the unfair segregation from Western Europe, a decision taken by the Great Powers, which, as Polish elite believed, designed the Yalta Agreement to provide a balance of power between the Soviet and the US-led blocs. Renata Stawarska writes that Western countries sacrificed "the political and economic freedom of countries which happened to end up on the eastern side of the Iron Curtain" (Stawarska, 1999). In other words, another defeat of Poland saved Europe from the further spread of communist rule. Since the collapse of the Soviet bloc Poland has endeavoured a long journey of political and economic reforms to join the European Union. After Poland was finally 'reunited' with Western Europe, Warsaw saw itself as an expert on Russia (Walicki, 1990) and emphasised the importance of development and implementation of more coherent European policy towards Russia. For example, Poland insisted on the ECT ratification by Russia as a condition for a new EU-Russia Partnership and Cooperation Agreement (Smith, 2007). Furthermore, in 2006, Poland proposed the creation of an energy form of NATO to protect the EU from growing Russian leverage (Aalto, 2009).

Moreover, the feeling of vulnerability caused by high levels of dependence on Russian supplies is intensified by Russian energy supplies interruptions. Even though, for a long time, Russia was considered to be a reliable supplier of energy resources and the question of energy dependence on Russia was not that crucial for the EU, the situation changed after a number of altercations with the transit states (Ukraine and Belarus) in 2006, 2007 and 2009.

The energy shortfalls, due to price disagreements, demonstrated the vulnerability of the EU, due to its high levels of dependence on energy imports. However, for some of the new member states, energy cut-offs have not been something completely new. Estonia, Latvia and Lithuania had already faced energy supply interruptions during the winter of 1992 – 1993. Russia explained these cut-offs as being the result of the refusal of these countries to pay world prices for energy supplies in hard currency. However, some researchers (for instance Keith Smith) argue that the real reason for the cut-offs was that they were a Russian attempt to prevent policy change in the Baltic States (Smith, 2004: v). Additionally, the Central and Eastern European states are more vulnerable to these supply interruptions, because of the higher levels of dependence mentioned above.

The context of Polish-Russian relations allows Polish government to shape public opinion in a way to present Russia as a threat to Polish (and European) energy security. Some of these claims are justified and are based on the factual context of dependence, and some are questioned and debated by both Russian and European experts. The context, especially symbolic one, allows the securitising actors to select "the certain features of the concept, while others are elided" (Balzacq, 2010). Buzan argues that the issue becomes a security issue – not necessarily because a real existential threat exists, but because the issue is presented as a threat; since only extraordinary situation may require extraordinary measures. For instance, the Nord Stream pipeline project[3] was described by Poland as the new Molotov-Ribbentrop pact (Gilbert, 2009: 131). Polish criticism was based on such reasons as: questions of environmental security in the Black Sea, the lack of control of transit states over energy supply, which can increase the risk of energy cuts from Russia, and potential complications to the development of a Common European Energy Policy (Gilbert, 2009: 131). However, some experts (Cameron, 2011; Simonov, 2010) explain this Polish position, not by security concerns posed by the Nord Stream, but due to the economic considerations: Warsaw didn't want Russia to prioritise the Nord Stream over the traditional overland pipeline, which was supposed to go through Polish territory, and consequently to lose the fees from the transit of Russian gas through Polish territory (Cameron, 2011; Simonov, 2010).

[3] The Nord Stream (NS) pipeline goes under the Baltic Sea. The NS aims to connect Russia and Germany, bypassing transit states. The NS is expected to have annual capacity of 55 bcm.

Poland as well as the majority of the new member states share similar perspectives of the priorities of the EU in terms of energy security. Misik summarized them as follows: 1. the need for the creation of a Common European Energy Policy; 2. the need for a diversification of energy supply and the construction of new transport routes; 3. The solidarity among the member states on the energy related issues (Misik, 2010: 114-115). The example of the EU presidencies of new member states proves that energy security is one of the major priorities of Central and Eastern European states, in terms of European integration. For example, during the Czech Republic presidency in the first half of 2009, the Southern Corridor Summit took place, where the plans for diversification of energy supplies were discussed (Misik, 2010: 114). New member states also expressed support for the necessity of "speaking with one voice", with regards to energy relations with Russia. For instance, the Baltic States introduction to the provision on solidarity in the Lisbon Treaty states that, "this measure should safeguard the supplies of energy by the mutual help of member states in the case of shortages" (Misik, 2010: 119). Moreover, some of the member states have hoped that the new provisions of the Third Energy Package would help to minimize the risks related to the high levels of dependence on Russian supplies. For example, Latvia demands Gazprom to sell its share in Latvian transportation networks to ensure the third-party access to gas pipelines and decrease Gazprom's control over the Latvian energy market (From an interview with the representative of German Ministry of Economics). Overall, the majority of new member states promote a more coordinated approach in future EU – Russia energy relations. New member states support a more unified approach to Russia for a number of reasons: due to the difficult history of relations with Moscow; higher levels of dependence, compared to the rest of the EU; and, finally an opportunity to ensure economic interests using the EU mechanisms. The case study of Poland illustrates each of these three issues in more detail.

Polish attempts to influence Russian energy policy through the EU mechanisms are often undermined by the lack of coherent European policy towards Russia. The internal discourse between the EU member states over directions of EU-Russia energy dialogue is explained in Russia as the failure to 'digest' the enlargement and using internal disagreement for its benefit – by reaching bilateral agreements with individual member states which express more favourable position towards Russia. For example, Russia enjoys good, strong relations with Germany. Germany is one of the main Russian trading partners and one of the largest

investors in the Russian economy. Due to the unique nature of the EU, even good energy relations with Russia could contribute to the securitisation of the energy trade. Some experts (Smith, 2007) argue that Germany undermines the overall European attempts to develop a Common European Energy Policy. The section below describes bilateral relations between Russia and Germany, and explains how these relations contribute to the securitisation process.

Germany

German's decision-making process is also affected by a specific context. Factually Germany as well as Poland is highly dependent on Russian energy supplies. According to Westphal, the shares of Russian energy imports to Germany have increased significantly since 1991 (Westphal, 2008: 96). Russian natural gas imports rose by 55.5 per cent between 1991 and 2003, and accounted for 41.7 per cent of overall imports in 2005 (Westphal, 2008: 96). At the same time, Germany is the largest European investor in Russia (Riley, 2006: 5). Berlin is also an important trading partner to Moscow: "Germany ranks first in Russia's imports with 13.5 per cent originating in Germany, and second in Russia's exports with 8.2 per cent directed to Germany" (Westphal, 2008: 97). Moreover, Germany and Russia also share a difficult history of relations following the two World Wars and the Cold War. However, as compared to Polish case Russia and Germany have also a history of positive relations both political and economic. That is why, for German and Russian politicians, the disturbing events of the past are considered to be anomalies, rather than long-lasting tendencies (Wallander, 1999: 50). In 1991, "on the anniversary of [the] German attack in June 1941", Gorbachev and Kohl, "issued a statement observing that the countries had overcome their past history" (Wallander, 1999: 51). In the beginning of the 2000s, 60% of the Russian population considered Germany to be the second friendliest nation after Belarus (Rahr, 2008: 282). This proves that "identity is not fixed, it can be shifted and broken. Thus, identifying a friend or a foe is not permanent" (Balzacq 2002: 479). Therefore, the securitising actors can choose which symbols to use and how in order to convince the audience in the necessity of the specific course of action. This section looks at the context of Germany-Russia relations and how it contributes to the securitisation process.

Factual context of energy dependence on Russia is similar in both Poland and Germany, but the historical and political contexts are different from the Polish one. If Warsaw

insists on ‘talking with a single voice’ with Russia, Germany prefers to develop bilateral relations with Moscow.German leaders, in its turn, don’t perceive dependence on Russian energy supply as a threat to German security. According to Wallander (1999: 48), “German politicians say that the main threat [from Russia] is instability from various sources”. In other words, in the opinion of the German government, the main priority in relations with Moscow should be the stabilization of the political and economic situation within Russia (Wallander, 1999: 48). This point of view is also supported by Graham Timmins, who wrote that Schröder’s support to Putin’s controversial domestic policy could be explained by his desire to support the internal stabilization process. Schröder himself said that “he had no intention of changing governmental policy on the basis that the state was the only guarantee of stability in Russia and that to criticize Putin’s strategy was to… run the risk of destabilizing the country to the detriment not just of Russia but also to the European continent” (Timmins, 2009: 181). Bilateral relations between Russia and Germany are often criticized by other European leaders and some experts; because they undermine the overall European attempts to develop a Common European Energy Policy (Smith, 2007). The section below describes bilateral relations between Russia and Germany, and explains how these relations contribute to the securitisation process.

In an interview, a representative of the German Ministry of Economics said that “good political relations influence the development of economic and commercial cooperation between Russia and Germany. There is always a lot of politics in relations with Russia” (Representative of German Ministry of Economics, 2011). An overview of Russo-German relations over the past decade demonstrates that politicians, both in Moscow and in Berlin, have been gradually building strong political ties between the top political leaders. Cooperation between the two countries developed from the top to the bottom. In the early 1990s, the German ex-Chancellor Helmut Kohl supported Yeltsin’s government by providing the Kremlin with multimillion of dollars’ worth of loans. In the 1990s, Germany became the largest credit grantor in Russia. By the end of the Yeltsin presidency, Russia owed 42 million US Dollars to the German government. Some of this money had been borrowed by Yeltsin during a difficult time in his political career - the 1996 presidential election campaign. (Rahr, 2008: 264) According to Rahr:

“Kohl as no other Western European state leader supported Russia on the way towards the

European Institutions, such as Paris Club, London Club, and the Group of Seven. With German assistance Russia signed the Partnership and Cooperation Agreement with the EU" (Rahr 2008: 267)

Close political ties between Yeltsin and Kohl has been used against Helmut Kohl by his opponent in the Chancellor election campaign (in 1998), Gerhard Schröder used criticism of Kohl's generosity in sponsoring Yeltsin's government in his elections campaign. After the default in 1998, Moscow failed to meet its debt payments and Germany, as the one of the largest creditors, faced the negative financial consequences of this (Rahr, 2008: 267). Gerhard Schröder might have been critical of the personal friendship between Kohl and Yeltsin, and its impact on the development of Russo-German relations, but soon after being elected, he also established strong relations with Vladimir Putin. Putin's background could also explain his interest in cooperation with Germany. While working in the Soviet intelligence service, Putin spent five years (from 1985 to 1990) in Germany (Grib, 2009: 145). That is why, after coming into power in 1999, Putin re-orientated Russian foreign policy in general, and external energy policy in particular, towards the EU. Furthermore, relations with Germany play a central role in his foreign policy decisions. Under the Putin administration, Gazprom started to cultivate a positive image of the Russian gas monopoly in Germany. One of the PR-campaigns used to achieve this aim was Gazprom's sponsorship of the German football club Shalke-04, which, however, did not bring the desired outcomes and was not very popular among German population (Grib, 2009: 145 – 146).

The most debatable point in the 'Putin - Schröder' alliance is their agreement on the Nord Stream pipeline, which met a lot of opposition from other EU member states (in particular Poland). After the end of his term as a Chancellor of Germany in November 2005, Schröder became the honorary chairman of the Nord Stream Company. This decision resulted in a lot of criticism from the Western press. Timmins writes that the appointment "had provoked calls for a code of conduct on private sector involvement of former senior politicians" (Timmins, 2009: 180) Why has this decision been made about this controversial appointment? In the Russian literature (Rahr, 2008; Panushkin, Zjgar 2008), they explain this decision as a poorly designed PR-campaign. It was considered in Moscow that the appointment of a former European politician would create a positive image for the Russian-led pipeline project. Russia hoped that Schröder would be able to lobby for Nord Stream in

the EU (Zjgar *et al.,* 2008: 197). Moscow was surprised by the consequences of this decision on the perception of the Nord Stream project and the Russo-German energy cooperation under Schröder in general (Rahr, 2008: 282).

Angela Merkel took over the post of Chancellor of Germany in 2005. In the beginning of her term, Angela Merkel distanced herself from the policy of friendship with Russia. At first she emphasized the differences in values between Russia and the EU and supported the European developments in terms of energy security. However, by 2007, her attitude towards close cooperation with Russia had begun to change. In January 2007, Merkel criticized Russia for a debt dispute over oil supplies to Belarus, but by August 2008, during the Russo-Georgian war, Merkel took a relatively mild position in relation to Russia. Ever since 2008, Angela Merkel has been mainly supportive of the growing cooperation between Russia and Germany in energy sphere (Grib, 2009: 144).

It is important to understand why the three last chancellors opted towards a policy of 'political friendship' with Russia. Kohl's motives seem to be a little bit more understandable. His close friendship with Yeltsin emerged from the euphoria, which followed the re-unification of East and West Germany. However, both Schröder and Merkel were quite critical of Russia at the beginning of their political terms and disapproved of the unnecessary support towards Russia from their predecessor. What made them change their original point of view? The most likely answer is the economic benefit and the lack of coherent European energy policy, which allows Germany to develop bilateral relations with Russia in the most beneficial way for German national interests.

Large German companies and Russian energy firms are interested in close Russo-German cooperation. Gazprom cooperates closely with such German companies as E.ON Ruhrgas, BASF Wintershall and Gazprom also holds some of RWE's shares (Westphal, 2008: 103 – 104). Gazprom cooperates with German companies mainly through the swapping of assets. For instance, E.ON Ruhrgas gained a 24.5 per cent stake in the Yuzhno Russkoe field and Gazprom gained assets in three Ruhrgas controlled companies in Hungary (Aalto, 2009: 171). Since 2008, Gazprom holds 49 per cent of shares in the German company Wingas GmbH (this company is the BASF trader in the EU), and also 49 per cent in Wintershall AG (which gives Gazprom the opportunity to explore fields in Libya). In return, BASF obtained

stakes of the Yuzhno Russkoe field (Grib, 2009: 145). But this swapping of assets is not the only site of the growing Russian influence on the German market. Russia is also interested in obtaining access to ordinary German consumers. To achieve this aim, Gazprom bought shares in German energy companies and transportation networks. For example, in 2006, Gazprom bought 5 per cent of shares in the gas distribution network Leipziger Verbundnetz Gas. The same year, Gazprom's subsidiary Efet obtained membership in the Union of German suppliers of energy and resources (Grib, 2009: 148).

Evidence from interviews suggests that Gazprom aims to continue its expansion in the German energy market. After the earthquake in Japan in March 2011, and as a result of this, the crises on the Fukushima nuclear power station, Germany decided to close its nuclear power stations by 2022. As a result of this decision, Germany needs to find alternative sources of electricity to substitute for the closed nuclear power stations. According to the German Ministry of Economics, Berlin's priority is renewable energy sources. However, Germany will have to increase its natural gas consumption and some of this gas would most certainly come from Russia. Moreover, Germany plans to build new gas power stations and Gazprom is interested in participating in this project. At the moment, the Russian gas monopoly negotiates its participation in the construction of gas power stations with such German companies as E.ON and RWE. The German government does not mind such cooperation; however, before the energy companies can move forward with their plans, it has to be approved by anti-monopoly regulations (representative of the German Ministry of Economics, 2011).

Both German and Russian companies gain something from such cooperation. Westphal writes that for large German oil and gas corporations, which are highly involved into the energy markets of the Central and Eastern European states, the cooperation with Gazprom gives an opportunity to re-sell Russian gas to the Central and Eastern European states. Such a situation limits new European member states in the ways which they can diversify their energy supplies, since they are buying Russian fossil fuels either from Russia itself or from German companies. Local German authorities are also interested in cooperation with Russia. They believe that, to a certain extent, Gazprom's access to local energy companies and distribution networks may help to reduce the price for German consumers (Grib, 2009: 149). In turn, Gazprom sees the cooperation with German companies as a way to get direct access

to EU consumers. According to the data provided by Grib, in 2008, Gazprom sold gas to Germany at 50 US Dollars per thousand cubic meters and domestic consumers paid twice as much for this gas. For this reason, direct access to the German energy grid could increase Gazprom's income dramatically (Grib, 2009: 149: 148).

The domestic dynamics in Germany demonstrate the complexity of 'actor-ness' when it comes to defining energy policy. Balzacq (2002: 475) writes that both the securitising actors and the audience they are trying to negotiate to members of a certain 'social world', which is based on shared meaning and understanding. This shared knowledge is "embedded in a cluster of formed social acts, merged and dissolved by its current members" (Balzacq, 2002: 477). Therefore, the securitising actors do not exist in isolation; they are affected by other actors and members of the social worlds. Coming back to the example of German energy policy, interests of major energy companies influence the overall direction of German energy policy towards Russia. And some of German-Russian bilateral deals may lead to the securitisation speech acts in other member states.

The outcomes of Russo-German bilateral relations are controversial from the perspective of overall EU-Russia energy relations. From one point of view, some experts, including the director of the EU-Russia Centre Cameron, believe that such strong bilateral relations with Russia, undermines the development of a Common European Energy Policy (Cameron, 2011). He is not the only person who perceives the situation in this way. Both Aalto (2009: 171) and Westphal (2009: 111-112) argue that the German government concentrated on the national energy security and commercial interests of large German energy corporations and, as a result, abandoned the joint EU attempt for energy market liberalization and supply diversification. This point of view could be illustrated by German support for Russian interests related to the Third Energy Package. According to the provisions of the latest EU legislation on energy market liberalization, which is described in more detail earlier in this chapter, the same company could not sell gas and transport it at the same time. Some countries, such as Latvia, are insisting on Gazprom selling its shares in transportation networks. Germany is not going to push for the same solution. According to interview results with the representative of the German Ministry of Economics, the main priority for Germany is to make sure two different companies are selling and transporting gas. However, it is not a problem if Gazprom would be selling gas, and its subsidiary or joint

venture with a German company, would be responsible for the transportation (representative of the German Ministry of Economics, 2011). Other European countries also criticized Germany for their support of the Nord Stream pipeline, which is more expensive, compared to alternative overland routes and does not help to diversify European energy supplies; on the contrary, it increases Russian leverage on the European energy market.

From the other point of view, there are also some positive developments which might potentially benefit the overall EU-Russia energy relations. According to an interview with a representative of the German Ministry of Economics (2011), one of the priorities in relations with Russia is the development of energy efficiency. Assistance is provided both on the bilateral level and through mechanisms of the EU. In particular, Germany controls the committee on energy efficiency, which was established as part of the EU – Russia energy dialogue. In 2009, a German-Russian agency on energy efficiency was established. According to German Ministry of Economics representative, Russia has great potential in this sphere and a lot could be achieved with relatively low investment required. Even though the new law on energy efficiency had been released in Russia, progress is still slow (representative of the German Ministry of Economics, 2011). Germany, in its turn, has expertise in the field of energy efficiency and alternative energy sources. Aalto (2009: 171) writes that "Germany produces half of the windmills and one-third of the solar cells worldwide, and has one-third of the hydropower installations market, in addition to producing bio-fuel plants". Germany began to develop renewable energy sources and improve energy efficiency at the end of 1990s, with the German government supported by the Kyoto Protocol and related environmental policies introduced by the EU (Westphal, 2008: 99). Potentially German support for the development of green energy in Russia could counterbalance its dependence on Russian oil and gas exports (Aalto, 2009: 171).

German interest in the development of energy efficiency in Russia could be explained as a way to secure future volumes of oil and gas supplies from Russia. Due to the high levels of dependence on Russian energy supplies, Germany wants to protect itself from shortages of supplies, in the case that Russia might fail to invest in the development of new major gas fields in time. If Russia might fail to keep contract obligations and to supply the required volumes of gas, the German economy would face dangerous consequences. Considering that the German economy is one of the largest within the EU, the consequences of Russian supply

shortages on the German economy would also have negative effect on the EU as a whole (Riley, 2006: 5).

Moreover, German officials argue that they did not abandon overall European incentives all together. For instance, in relation to the ECT (which has been already discussed above), Germany believes that Russia should sign and ratify the ECT. Berlin is not planning to support Russian incentives to develop a new international agreement, since the majority of the ECT does not think it is necessary (representative of German Ministry of Economics, 2011). Apart from this, Germany evaluates the activity of the EU – Russia energy dialogue positively and expects it to contribute positively to the development of energy efficiency in Russia (representative of German Ministry of Economics, 2011). The German government is trying to balance good relations with Russia, whilst also trying to protect the interests of the EU. For instance, in spite all Russian attempts to integrate into the domestic German energy market, Angela Merkel signed an agreement with the former French president Jacques Chirac not to allow any non-EU companies into the domestic market in 2006 (Grib, 2009:149). Recently Germany announced its intensions to support the construction of the NABUCCO pipeline, which may help the EU to diversify its supplies (representative of the German Ministry of Economics, 2011).

Nonetheless, even considering German attempts to balance overall European policies and bilateral relations with Russia, strong political ties with Russia and expanded cooperation between the energy industries of the two countries, Russo-German energy relations contribute to the securitisation of energy trade between Russia and the EU. Spitzel writes that "a given social context is… in some very rare cases truly symmetric, actors are usually endowed with an unequal ability to influence the evolution of an individually proposed meaning into a collectively held representation" (Spitzel, 2007: 369). Even though the EU institutions have only limited competence over the energy policy, both Poland and Germany are part of the same context: European energy consumers importing energy from Russia. The EU has restricted ability to control bilateral deals between the member states and external energy suppliers, and therefore Russia can have an opportunity to secure deals with some of the member states which may undermine the policy goals of other member states, or even the ones contradicting the overall attempts of the EU in developing the Common European Energy Policy. That is why German-Russian energy relations contribute to the securitisation

process within the EU, and to EU-Russia relations. For example, German support for the Nord Stream project, resulted in criticism from new member states, especially Poland. Such disagreement between member states demonstrates the inconsistencies of the EU energy policy and the lack of solidarity between the EU members.

Conclusion

The security as a speech act is a complex process, going beyond the linguistic element of it. According to Balzacq (2010) securitisation process includes two levels: level of agent and level of act. This chapter was devoted to the level of agent in the EU. The level of agent includes an actor, the audience, and the context of securitisation. The introduction to this chapter and Chapter 1 identified the main actors of securitisation as governments of energy consuming and energy producing states and energy companies (p. 44-45). The audience in its turn is different in Russia and the EU. This chapter focused on the EU, and, therefore, we can divide the audience into European bureaucrats and the national audiences. Since the level of act, or the negotiation process itself is analyzed separately, this chapter focused mainly on the analysis of the context of the securitisation and its effects on the actors. This chapter tried to demonstrate that the securitisation is influenced by both the context of dependence on Russian energy supplies and historic, political and cultural context which is used to interpret and to shape public's opinion on this dependence.

The EU is a multi-level system of governance: the decisions are made on supranational, national and regional levels. Therefore the context of securitisation should be understood on both European and national level. The involvement of the European institutions depends on the policy area. In case of energy security, the member states still have a lot of freedom in defining their national energy policies with an exception of some of the issues related to the internal market (including competition) and sustainability. It is the lack of coherent Common European Energy Policy which shapes the European context of securitisation.

The European context is a part of the securitisation process due to the limited progress in development of coherent energy policy within the EU and the lack of the international legally binding agreement on energy trade with Russia. The EU has been trying to develop a Common European Energy Policy for decades. Ever since the oil shocks of 1970s,

European institutions have been trying to establish common principles of external energy relations with non-EU member states. However, so far these attempts have proved to be ineffective. Russia has tried its best to promote its interest on the bilateral level. Russia did not ratify the ECT, but has applied it provisionally until 2009, when Putin announced Russian withdrawal from the treaty (Bohme, 2010: 46). The Russian government claims that the ECT focuses only on the interests of energy consumers and overlooks the interests of energy producers. However, some Russian experts say that Russia could gain from participation in European incentives. For instance, Andrei Konoplyanik, one of the leading Russian experts on oil and gas, argues that the Russian decision to withdraw from the ECT would result in higher credit risks for Russia; the amount of credit would decrease and, without the ECT, Russian investments in the EU are not protected (Konoplyanik, 2011: 125).

Due to the lack of a coherent Common European Energy Policy, the individual member states are developing their own energy policies in general and their relations with Russia in particular. This chapter looked at the case studies of Poland and Germany. These two member states were selected for a number of reasons. Firstly, both Germany and Poland are highly dependent on Russian energy supplies: Germany is the largest consumer among the original 15 member states, and Poland as a former member of the Soviet bloc is traditionally more dependent on Russian supplies. Secondly, Germany and Poland have very distinct approaches towards Russia which sometimes clash, partly deeply rooted in their respective histories. Poland promotes more coherent and assertive EU energy policy towards Russia (Szczerbiak, 2012: 55). For example, Poland suggested creating an “Energy NATO” to guarantee the EU’s energy security (Szczerbiak, 2012: 97). Poland promoted an inclusion of the solidarity clause in the Lisbon Treaty. However, “the reference to energy policy needing to be in accordance with a ‘spirit of solidarity’ between member states was less committal and specific than Poland had wanted” (Youngs, 2009: 26), hence contributing to the feeling of vulnerability and lack of support from the EU.

Germany is one of the member states criticized for developing strong bilateral relations with Russia, which contradict the aims of the Common European Energy Policy. Last three German Chancellors enjoyed close political ties with Russian leaders, and energy relations are one of the key elements of German-Russian cooperation. The cooperation is supported by major energy companies in both Germany and Russia. However, German

approach to Russia is often criticized. For instance, Poland referred to the agreement on the Nord Stream pipeline project as a new Molotov-Ribbentrop pact (Liuhto, 2009: 168). Some authors (Cameron, 2011; Smith, 2008) also claim that Russo-German relations undermine the overall EU attempts to develop common approach towards energy policy in general, and EU-Russia relations in particular.

To sum it up, this chapter argues that the EU as a multi-level system of governance consists of multiple and interdependent 'social worlds', "the meaning of the worlds is socially framed and shared by all the members of a specific society" (Balzacq, 2002: 475). The securitising actors are embedded into these worlds and negotiate the security threats to the audience using the symbols understood by all the members of this society (Balzacq, 2002: 477). The EU is in itself a 'social world' which imposes a certain power structures on its members, and securitising actors (for example, member states) are trying to negotiate their proposed understanding of energy security to both other member states and the EU bureaucrats and to national audiences. The European context is not symmetric, and the individual member states don't have an equal ability to "influence the evolution of an individually proposed meaning into a collectively held representation" (Spitzel, 2007: 369). For example, Poland is promoting more coherent European approach towards Russia, and Germany finds bilateral cooperation to be more fruitful. Thus, the lack of a coherent European energy policy towards Russia and the clashing perspectives of the member states contribute to the securitisation of EU-Russia energy relations. The next chapter will address the securitisation process in Russia. In particular, Chapter 3 looks at the context of securitisation on the level of agent, and how it is used Russian securitising actors.

Chapter 3

The level of agent: Russia

Introduction[4]

This is a second of two chapters devoted to the level of agent. According to Balzacq the level of agent consists of the three following elements: actor, audience and context. As in case of the EU, the main actors involved in the securitisation process are Russian government and the major energy companies. The audience of securitisation includes Russian population, political and business elites in Russia. An introduction to the previous chapter stated that the context of securitisation and its interpretation by the actors is of key importance for understanding securitisation process. That is why this chapter will focus on the context of securitisation in Russia.

The previous chapter demonstrated that the high levels of dependence of the EU on external energy supplies, different approaches to energy policy and the lack of a coherent Common European Energy Policy resulted in the securitisation process in the EU. It is important to understand that the energy policies of the EU member states do not develop in isolation, and Russian policy decisions influence the EU's perspective on reliability of Russian energy supplies. The EU is concerned with the increasing governmental control over the energy sector (in particular, limited rights of both Russian and foreign private investors). Some experts (Smith, 2008; Cameron, 2011; Baran, 2007) are concerned that the increased state control over the energy production and export can result in the attempts to use energy sales as a foreign policy tool. This chapter aims to demonstrate that Russian energy policy is directed not by the foreign policy needs (as a lever in relations with energy consumers), but by the domestic needs: economic and political stability. Current Russian government sees the energy industry as a guarantor of economic growth, and consequently, of the political stability. Therefore, the Russian government is the most important securitising actor in Russia. A number of authors (Hober, 2009; Rutland, 2008; Hanson, 2010) write that the current Russian leaders put the energy security on the top of Russian security agenda. For instance, Hanson writes that ever since the late 1990s Russian government moved towards "control of parts of the economy [energy] – both by direct state ownership and by ensuring

[4] Some of the material presented in this chapter contributed to the following publication: Khrushcheva, O. (2012), The Controversy of Putin's energy policy: the problem of foreign investment and long-term development of Russia's energy sector, *Central European Journal of International and Security Studies*, 6 (1), p. 155-179,

that politically compliant businessmen are running things" (Hanson, 2010: 197). According to the current regime the state should play a pivotal role in regards to key decisions on natural and energy resources (Hober, 2009: 424). Since the current government is the key securitising actor, this chapter will mainly focus on the analysis of the securitisation process since the early 2000s, however, in some cases the chapter refers to historical background outside of this timeframe to better illustrate the context of securitisation.

In order to understand the reasons for the securitisation process, this chapter looks at the context of governance of energy sector in Russia. The symbols used in the securitisation process are rooted in this broader context of securitisation, and the securitising actors use these symbols for "the construction of a standpoint for common understanding". When talking about the securitisation defined through the speech act, it is important not to reduce it "to a purely verbal act or a linguistic rhetoric: it is a broader performance act which draws upon a variety of contextual, institutional, and symbolic resources for its effectiveness" (Williams, 2003: 526). In particular, this concerns the "the dominant narratives of identity" (McDonald, 2008: 571), which contribute to the construction of security in general. McDonald writes that "those interested in the construction of security must pay attention to the social, political and historical contexts in which particular discourses of security… become possible" (McDonald, 2008: 573). The context influences the construction of security throughout time and space. Depending on the identity of the specific audience, certain issues may or may not be accepted as threats. McDonald emphasizes the importance of context for the success of the securitisation. That is why, when deconstructing a securitisation it is important to take into consideration contexts and symbols shared by the securitising actors and the audience (Balzacq, 2002: 475). This chapter looks at the case studies of the FDI and the establishment of the vertically-integrated companies to demonstrate how the context has been used by the securitising actors.

Before talking about the securitisation process, it is necessary to explain why the energy sector is so essential for Russia. Russian economy depends on revenues from the energy sales. In case of natural gas, the energy exports are especially important, because domestically gas companies have to sell gas cheaper than on international market. This section describes these and other elements of Russian energy sector in more detail. Energy industry and trade plays an important role in Russian politics. This section presents an

overview of Russian energy potential as well as Russian vulnerability caused by high levels of dependence on energy sales. According to Oleinov, the fuel and energy sector contributes around 25 per cent of the overall Russian GDP, 30 per cent of industrial production, 50 per cent of federal budget income and 65 per cent of export earnings (Oleinov, 2008: 429). In the Russian domestic consumption, the share of this contributed by natural gas prevails significantly over other energy sources – around 55 per cent; the share of oil is 19 per cent, coal – 15 per cent, water power – 6 per cent, and nuclear power – 5 per cent (Oleinov, 2008: 429). In the electricity sector, the gas share is even higher – from 70 to 90 per cent depending on the region (Oleinov, 2008: 429). According to the Russian energy strategy, this share is supposed to be reduced to 46 per cent by 2020, by increasing the share of water power and nuclear power, as well as oil and coal (Borovsky, 2008: 63). Russia is one of the world's leaders in hydrocarbon production and export. In 2011, Russia produced 169 billion cubic meters (bcm) of gas and 247 million tons of oil have been produced. The Russian Federation is also the world's largest exporter of gas and the second biggest exporter of oil (IEA, 2012). Russia is also a major consumer of natural gas. In 2006, Russia consumed 432.1 bcm of gas (Borovsky, 2008: 62).

Domestically Russian government exercises a great level of influence over the energy sector. At different stages of Russian history, Russian government had a different level of control over the energy sector. After the collapse of the Soviet Union, the private sector significantly increased its presence in energy production. The speech act of securitisation in Russian case is in regaining governmental control over the energy sector and its justification to Russian audience. At the moment, 51 per cent of the largest gas-producing company (Gazprom) belongs to the state. Gazprom is not only Russia's largest producer of natural gas, but also the owner of the world's biggest gas pipeline network, which connects Europe with Central Asian and Caspian states. The monopoly of Gazprom over the trade and transportation of Russian gas is secured by Russian legislation. In July 2006, the State Duma of the Russian Federation passed a law on gas exports, which gives Gazprom undivided rights for the export of gas. Gazprom has specific duties in providing domestic population with natural gas. Domestic consumers enjoy lower price as compared to external consumers. This is known as a dual-pricing policy. The price of gas for domestic consumers is set by the Federal Tariff Service. Gazprom is obliged to supply domestic consumers with gas on set

prices according to the Russian Federation Act on Natural Gas Supply (Grigoryev, 2007: 3038). Non-Gazprom producers supply only around 28 per cent of domestic consumption requirements (Boehme, 2010: 68). Gazprom, together with the Russian authorities, established an annual gas consumption balance (Dudek *et al.,* 2006: 1661). There are different tariffs for households and industrial consumers. The household price is 25 per cent lower, than the tariff for industrial consumers (Pleines, 2009: 80). Since January 2005, there are 13 pricing zones, depending on the distance from the wellhead (Pleines, 2009: 80). Prior to this, there were 7 pricing zones (Grigoryev, 2007: 3038). Moreover, up to 80 per cent of households are not paying according to their consumption volumes. The prices are calculated according to the size of the living space and the number of people living there (Grigoryev, 2007: 3039). Industrial consumers have a certain volume of gas which they can buy at a regulated price; if they consume more than this limit, they have to pay a higher price. According to Ahrend and Tompson, "some large industrial consumers are able to buy all their gas from Gazprom at regulated tariffs, while many others buy 30 – 50 per cent of their needs at much higher prices" (Ahrend, *et al.* 2005: 809).

According to Dudek *et al.,* the Russian domestic pricing policy for natural gas could be considered as a cross-section subsidy. According to data from 2006, "the long-term marginal cost of natural gas production is equal to US$44-50/toe" and this is "well above household or industrial prices" (Dudek, *et al.,* 2006: 1662). Of course, the natural gas industry (including Gazprom) would benefit from the deregulation of domestic prices from the commercial point of view. The deregulation of prices on the Russian gas market was part of the requirements for Russia's ascension to the World Trade Organisation (WTO) and is an important issue in EU-Russia cooperation in the energy sphere (Interview with a representative of the European Commission, February 2011). The main argument in favour of price liberalization is the potential financial benefits. Yuli Grigoryev writes that if domestic price reached the European level, it would bring an additional US$60 billion in profit to Gazprom. And this, in turn, would allow Gazprom to invest into the infrastructure and the development of new gas fields (Grigoryev, 2007: 3039).

However, at the moment, this is impossible for several reasons. Prior to a significant increase of the gas price for domestic consumers, the Russian government will need to ensure that domestic consumers are capable of paying this price. Non-subsidized natural gas

would "be unaffordable for the majority of Russian population" (Grigoryev, 2007: 3041). As a result, it may lead to a decrease in gas demand at the domestic level in favour of coal consumption, which, in turn, would cause a negative impact on the environment (Dudek, *et al.,* 2006: 1662). Independent gas producers do not have to regulate their prices and are allowed to sell their gas at a higher price than Gazprom. However, since Gazprom controls access to the pipeline network, their access to consumers becomes difficult. That is why independent producers, such as Novatek[5], have had to sell their gas with a significant discount (up to 20 per cent) (Pleins, 2009: 81). The situation concerning independent gas producers causes concern in the West. It is important to understand the roots of these decisions. Independent producers are not going to be interested in selling gas to domestic consumers, because, in order to be competitive domestically, they need to set prices at the same level as Gazprom, or lower. That is why, if they were to have free access to the transportation networks, they would prefer to export natural gas abroad; however, this would undermine the interests of Gazprom, which is already affected by the dual-pricing policy.

Due to the specific pricing policy, Gazprom's revenues from domestic sales and sales to the Commonwealth of Independent States (CIS) are significantly lower than from the European market. The domestic pricing-policy requires Gazprom to sell gas internally at prices below the full recovery costs. According to Ahrend *et al.,* exports to Europe, which count for one third of Gazprom's output, account for three-thirds of its total income. For these reasons, up until 2004, Gazprom was losing money on the domestic market (Ahrend *et al.,* 2005:804). In recent years, Gazprom started to raise the prices for natural gas on the domestic market. Between 2000 and 2006, average domestic prices for gas were raised almost threefold (Pleines, 2009: 81). According to Russian obligations to the WTO and as a part of EU–Russia energy cooperation, Moscow agreed to gradually lift prices by 2015 (Interview with a representative of the Energy Commission, February 2011).

Nevertheless, Gazprom is currently in desperate need of investment. The Russian gas

[5] Novatek is the largest Russian independent gas producing company, founded in 1994. Novatek is involved in the exploration, production and processing of natural gas and liquid hydrocarbons. In 2010, Novatek produced 37.78 billion cubic metres of gas and 3,632 thousand tons of liquids. The majority of Novatek's activity is concentrated in the Yamalo-Nenets Autonomous District.

monopoly needs to invest in the upgrade of existing infrastructure, the development of new gas fields and in the gasification of the Russian territory. The development of new fields is the key priority. At the moment, the biggest share of Gazprom's output comes from three major fields: Urengoy, Yamburg and Medvezhie. All three fields have been in decline since the beginning of the 2000s. Stern estimates that they are declining by 18–25 bcm per year (Stern, 2009). At the same time, domestic demand will continue to grow. In such a situation, investment into the development of new fields is crucial for Russia to maintain its current contract obligations (Ahrend, 2005: 804).

The economic recession affected the implementation of Gazprom's investment strategy. As pointed out by Stern, due to the economic recession, Gazprom had to reduce funds for investment into the development of natural gas fields situated on the Yamal Peninsula and for the construction of essential infrastructure (railway and pipelines) (Stern, 2009: 8). Stern provides us with the following data: "By July 2009, the reduction of Gazprom's investment programme included a reduction of Yamal-related investment by RR62 to RR147 billion" (Stern, 2009: 8). Another important consequence of the reduction in investments is the delay of the development of the supergiant Shtokman gas field, located in the Barents Sea. According to Russian estimations, the Shtokman field holds 3.8 trillion cubic metres of gas and 37 million tons of gas condensate (Laaksonen, 2010: 160). The potential output of the Shtokman field is primarily going to be used for exports, through the second-string of the Nord Stream pipeline and through a LNG terminal to be constructed near Murmansk (Stern, 2009: 9). The Shtokman development costs are estimated at US$30 billion (Laaksonen, 2010: 160). However, due to the economic problems, the development of the field has been postponed and final decisions with regards to the investment plans are to be made by July 2012 (RIA Novosti, 2012). The question of investment becomes even more pressing because the out-of-date infrastructure contributes to energy losses. As Boehme writes, "transmission and storage amount for 65 per cent of total losses, production and processing for 12 per cent and distribution and end use for 23 per cent" (Boehme, 2010: 64).

Delays in Russian investment plans are expected to have negative impacts on the Russian production capacity. As pointed out by Sheffield, in order to meet domestic demand and export contract obligations, Russia needs to invest around US$11 billion annually in the natural gas sector (Sheffield, 2007: 4). However, Stern does not support this argument. He

writes that concerns about Russia's inability to meet contract obligations are over-rated. Stern points out, that the economic recession influenced not only Gazprom's investment strategy, but also the demand on energy in the world market (Stern, 2009: 10). Stern writes:

> "[…]if Gazprom had made the investments to start the Bovanenko field in 2011 or even earlier as many of its critics were urging – it would during 2009- 2012 be facing an even larger problem of shutting in production, having invested as much $20 billion on a gas delivery system that turned out not to be needed for several years" (Stern, 2009: 10).

The factors described above are essential for answering the question why the securitisation process is happening in Russia? Russian government plans to use the energy sector to ensure economic and political stability. For example, low domestic prices on natural gas both provide cross-section subsidies to Russian industry and guarantee the access to affordable natural gas. In order to sustain these policies and to ensure the maximum of revenues from the energy sector goes to the treasure, and not to the private sector, the government tries to keep energy industry under control, by presenting private capital (both Russian and foreign) as a threat to societal and economic security. Specific historic context allows the securitising actors to negotiate these threats to the audience successfully.

This thesis argues that current government uses symbolic power to securitise energy policy and to justify its [sometimes] controversial policy decisions. The decision-makers refer to national identity and symbolic power to justify its strategy in regards to energy sector. An important element of identity construction is the distinction between 'us' and 'them'. According to Buzan *et al.* (1998: 137), Russian identity might be vulnerable to the strengthening of other identities, in comparison to the Russian identity. Buzan *et al.* (1998: 137) writes the following: "Russia is worried about… a 'world order' of concentric circles, with Russia somewhere in the second circle". At the same time, this desired self-image could be used as an argument for the securitisation of particular issues, in order to achieve political goals. For instance, Sheehan illustrates this with the following example: "U.S. foreign and defense policy are seen as playing a crucial role in creating the very identity they defend" (Sheehan, 2005: 86). In the case of Russia over the last ten years, the authorities have used the image of a resurgent Russia in international relations to support the securitisation of

energy production in Russia. For example, the ECT is presented in Russia as an attempt by the West to take advantage of Russia by imposing values and rules, which contradict Russian interests. Ultimately, the decision on whether or not to ratify the ECT has been presented as a zero-sum game: either Russian national interest would prevail over European interests, or vice versa.

Identity was used in the construction of security not only in relations with external actors, but also internally. Putin often implied that certain developments in energy policy were the result of unsuccessful decisions taken by his predecessor. Using the concept of securitisation as a speech act, it is possible to argue that Putin labeled the issues and actors in the Russian energy sector who were threatening the security of the state. Buzan *et al.* write the following: "if securitising actor 'A' on behalf of community 'A' claims A is threatened by B, he or she will present B as actor, as responsible for the threat as an agent who had choice" (Buzan *et al.*, 1998: 44). The oligarchs who became rich in the early 1990s, due to the imperfections of the privatization reforms, were transformed into actors in the way described by Buzan. One of the first steps of Putin's regime was the prevention of the oligarchs from influencing domestic politics and the consolidation of the energy sector under governmental control. One of the best known examples of this policy is the Yukos case. Putin used the negative image of the oligarchs, which the majority of the Russian population has, in order to justify Russian actions (which were rather questionable from the Western perspective). The securitisation of the FDI legislation followed the same logic. For over the seventy years, Russian economy has been closed to foreign investment. The liberalization reforms conducted in the 1990s haven't been thought through and are often associated with the period of political weakness. The securitisation of the FDI legislation is negotiated as a responsible governmental policy aimed at regaining control over the strategic industries for the benefit of the majority of population. This chapter aims to demonstrate the role of the symbolic power in the securitisation of Russian energy sector on the example of creation of vertically integrated companies and policy on the FDI. In order to explain each of these examples fully, it is important to provide some background information.

Creation of vertically-integrated energy companies

The Russian government, during the period of Putin's first terms as president, believed that large vertically-integrated financial-industrial groups should be established, and that both "the state's role and the nature of property rights in the resource sector" should "be open to multiple institutional options that might co-exist in time" (Balzer, 2005: 214). The changes introduced by the government had to be justified and explained to the audience. Buzan suggests that political security emerges as an outcome of "the battle of ideas, information and traditions" (Buzan *et al.*, 1998: 77). For the successful consolidation of the energy sector under the state control, Russia needed to explain it to the audience. Peoples *et al.* (2010: 79) argues that "it is easier to present an issue as a threat if objects associated with the issue carry historical connotations of… harm, or where a history of hostile sentiments exists". The majority of the Russian population evaluates the consequences of the privatization negatively and believes that the majority of tycoons who got their capital in the 1990s, got rich by abusing the underdeveloped privatization laws for their personal benefit. Below is an overview of the privatization process in Russia, which Balzacq (2010: 98) would call the broader socio-cultural context of securitisation. In order to provide a deeper understanding of these policy changes, this chapter will go beyond the set timeframe of this dissertation (2000-2011) and will provide a brief historical overview of post-Soviet privatization reforms.

To better understand the negotiation process of security threats and the justification, which the state leaders used to explain the consolidation of the energy sector under the governmental control, it is important to look back at the history of privatization reforms. Back in the 1990s, the privatization reform was developed by young and inexperienced politicians, inspired by liberal ideas (such as those of Yegor Gaidar). The privatization reform was not thought-through and is regularly referred to as an unsuccessful experiment. Instead of giving a wider percentage of the population access to the shares of the major industrial enterprises, the privatization process resulted in the appearance of oligarchs in Russia: a small group of extremely rich people who had a lot of influence on both the Russian economy and Russian politics (Hass, J., 2007, 167). The pre-conditions for the appearance of the oligarchs were created by the Soviet government in the second half of 1980s. For instance, the Russian researcher Kryshtanovskaya argues that the majority of the oligarchs

started their careers as komsomol[6] leaders (for example, Khodorkovsky), who were responsible for the Centres for the Scientific – Technical Creativity of Youth. Such Centres were allowed to sign contracts with industrial companies to produce particular products, which were then paid for in cash (Kryshtanovskaya, 2002: 3). It is important to explain that there were two types of money in the Soviet Union: cash and non-cash. "Non-cash was virtual money, which was used only by directors of state enterprises as an accounting device" (Rigi, 2005: 58-59). The Communist Party thought that by giving the Komsomol an opportunity to transfer non-cash money into cash, it would have a positive effect on the economy. The side effect was that the transfer of non-cash money into cash caused inflation (Kryshtanovskaya, 2002: 3). However, the Communist Party considered this to be a way to allow people to do business and, at the same time, to keep them under control. For these purposes, many ministries were transformed into group of companies and state-owned banks into commercial banks in 1989 - 1992. In this period of time, the first stock-exchange markets appeared and big financial companies became extremely rich. Not only did they become rich, but they also started to accumulate influence in the political sphere as well (Kryshtanovskaya, 2002: 4). This 'Soviet privatization' was followed by the liberalization reforms of the new government in 1990s, which is described below.

Privatization in Russia started in 1991 and can be divided into two stages:

I. 'Voucher' privatization which took place between 1992 and 1994. A voucher gave the right of ownership to shares in the majority of State production companies. Through the voucher system, the government was going to transfer between 29 and 45 per cent of shares of state-owned companies, into private hands. Starting from October 1992 and lasting until February 1994, the government distributed vouchers to one hundred million Russian citizens (Pivovarov, 2004: 49). The aim of this stage of the privatization process was to allow common citizens to own shares in the main industrial enterprises in Russia. However, the majority of the Russian people did not know what to do with these vouchers and were preoccupied with the tremendous decline in the level of living standards. Soon, most of these vouchers were sold to speculators or to investment funds, who afterwards resold

[6] Komsomol – is an abbreviation for the Communist Union of Youth. Komsomol was the youth division of the Communist Party during the Soviet Union times,

it to people who understood the real opportunity that the vouchers offered. In the end, neither Russian citizens, nor the Russian government benefitted from the privatization. Thousands of companies, factories and plants were sold at a fraction of their real price. For instance, Pivovarov writes that the overall price paid for the companies, who were privatized, was slightly more than 40 million US dollars (Pivovarov, 2004: 50). To compare, the market value of Gazprom alone estimated at US$251 billion in 2007 (O'Connell, 2007).

II. After 1994, the vouchers became invalid and shares were sold through stock-exchange companies and auctions. The characteristic of this stage of privatization is that foreign investors were not allowed to participate in the auctions, during which shares of major oil, metallurgy, telecommunication companies were sold. It was explained by two reasons: firstly, to avoid protests by the public about the expansion of foreign influence and secondly, because it would not be fair to sell the companies to foreign investors for such a small price (Pivovarov, 2004: 53-54).

At first, the government was trying to keep control over the energy sector. In order to do this, the oil sector was divided into a dozen large companies (such as Surgutneftegas, Lukoil, Sibneft), which would create competition on the domestic market and would represent Russia on the world energy market at the same time. The companies created were of two kinds: holdings and subsidiaries, in which the latter was subordinated to the former (Lane, 1999: 17 - 23). In the early 1990s, when the holdings were just established 100 per cent of the shares belonged to the state, which allowed the government to appoint the directors and top managers. After the privatization process of the oil industry began, the level of governmental control over shares in the industry changed. Depending on the company type, during the first three years after 1993, 45 per cent of shares belonged to the government and 40 per cent were to be sold. For companies which were set-up between 1994 and 1995, the share owned by the federal government increased to 51 per cent (Lane, 1999: 25). In 1995, the State Duma prohibited the sale of shares in oil companies (Pivovarov, 2004: 53 - 54).

Nevertheless, the government did not manage to keep control over the oil industry for long. In the 1990s the Russian economy was declining as a result of the collapse of the Soviet economy (Wehrheim, 2003: 2). In the middle of 1990s, due to the budget deficit, the

government needed money to protect the regime. Boris Yeltsin had to rely on the help of private businesses to stay in power (Dixon, 2008: 15). A group of powerful bankers and businessmen offered to give a huge loan to the government against shares in the big industrial enterprises owned by the government. This idea was suggested by Vladimir Potanin, the head of Oneksim bank, Mikhail Khodorkovsky, the head of Menatep bank, and Alexander Smolensky, the head of Stolichnii bank. In September 1995, The State Property Committee issued a list of 44 industrial enterprises, including such companies as Norilsky Nikel, LUKoil and Yukos, Surgutneftegas and Sibneft' (Kryshtanovskaya, 2002: 29 - 30). This was known as the "loans for shares" scheme (Dixon, 2008: 15). Officially, this was not considered to be the selling of shares in oil companies to private hands as the government was supposed to get them back after it repaid the debt. The only way for creditors to get ownership of these shares was if the government failed to return the money it borrowed from them on a one year term. The value of shares was lower than the market price (Pivovarov, 2004: 53- 54). However, it is clear that, for both the government which agreed to the deal and the investors who initiated it, the "loan for shares" scheme was effectively selling the companies to a group of bankers. According to Kryshtanovskaya, the "loan for shares" scheme is an important stage in the development of Russia, but also because the "loans for shares" scheme resulted in the creation of oligarchs in Russia. Therefore, the business-elite not only controlled the biggest industrial companies, but could also influence the weak government, which depended on their money to stay in power.

The history of privatization described above is the broad social context of securitisation process, which was initiated by the Russian government to justify the consolidation of energy industry under the governmental control. Balzacq (2010: 98) writes that these social and cultural settings could be used by the securitising actors to negotiate the securitising moves to the audience. In Russian case, the dissolution of the Soviet Union was a traumatic experience, when the majority of the population faced the deterioration of the standard of living in contrast to a small group of people benefited from the ill-designed privatization reforms. The securitising actors use the negative perspective of the general population towards the tycoons to justify its energy policy. In the late 1990s, after Putin came to power, the official policy changed towards consolidation of Russian energy sector under governmental control. Kaj Hober (2009: 424) provides with the summary of this policy:

> "[The]Russian government should play a decisive role in major decisions about energy and natural resources. Total control is not necessarily required, but rather a "managed" market with the possibility of multiple forms of ownership. While the importance of market forces and private property is recognized, it is clear that the primacy of the state in Russia's energy sector is non-negotiable".

This means that according to the current Russian leaders private property could still exist, but the rights of the property owners are not absolute and that the state's interests are superior compared to those of private firms and market regulations (Olcott, 2004: 30). Therefore, governmental control over mineral resources would protect the interests of the society as a whole, by ensuring economic security (Balzer, 2005: 218). For instance, according to Putin, Russia needs annual economic growth of 4 to 6 per cent for a sustained period of time in order to catch up with the world's leading economies. Balzer summarizes Putin's views as follows:

> "If used effectively, mineral resources can provide the basis for Russia's entry into the world economy. This means the raw materials sector is crucial to all aspects of the state supporting industry and providing fifty per cent of GDP and seventy per cent of export revenues. It represents the basis for modernizing Russia's military-industrial complex. It promotes social stability and can raise the well-being of the population" (Balzer, 2005: 217).

When Putin came to power, his regime began a slow re-organization of the energy sector according to the ideas expressed in his aforementioned article. At the end of Yeltsin's term, the Russian oil sector consisted of 13 major vertically-integrated companies; eight of these were in private ownership and three were under governmental control. However, by the end of Putin's second term, the number of oil companies was reduced to five. Heiko Pleines divides this process into two stages, which are interlinked with Putin's two presidential terms:

1. From 1999 to 2004: During this period, the number of major oil companies reduced from 13 to 8. Federal state remained in control of only one oil company – Rosneft,

which reduced governmental ownership of the oil sector to less than 15 per cent (Pleins, 2009: 74 – 75).

2. From 2004 to 2008: The energy sector in Russia was dominated by five major companies: Gazprom (with Gazprom Neft), Rosneft, Lukoil, Surgutneftegaz, and TNK-BP, with two former companies being under state control and the latter three being in private hands. As a result of this consolidation process, the state share in oil production had risen to nearly 40 per cent (Pleins, 2009: 76).

At the centre of Putin's beliefs is the idea that the state, as the guarantor of social well-being and stability, has exclusive rights over those of the industry and local authorities. He believes that "the Russian state had fallen victim to the very reforms, which it had sponsored" (Sakwa, 2009: 74) and needed to fight back. This opinion is supported by the audience; that is why it was relatively easy to justify some of the controversial decisions to Russian audience (for example, the Yukos case). Spitzel (2007: 370) writes that it is easier to justify a specific threat if it fits into a specific context. Starting from his time as Russian Prime Minister[7], he began to take action to reduce the presence of oligarchs in Russian politics and began to consolidate the energy sector, with a higher level of governmental control. These actions had significant impact on the oil and gas sector. The securitisation process in the each of these sectors had its specifics. If in case of the oil sector, the Russian government needed to change the division of power between big business and the state by presenting a group of actors as threat, then in the gas sector it was mainly a question of preserving the situation. A brief overview of the changes introduced in both the sectors is given below.

The oil sector

Collective identity plays an important role in the securitisation theory proposed by the CSS. Robaek writes that "the construction of a collective identity is dependent on the designation of the other or in the security terms a threatening other" (Robaek, 2012: 276). The securitisation happens by the creating "a self versus other" dichotomy by the securitising actor. Coming back to the consolidation energy sector under the governmental control, the Yukos case is a good example of the securitisation process. The process of the legal

7Putin first became Prime Minister in 1999, shortly before Yeltsin's resignation.

prosecution and arrest of Mikhail Khodorkovsky and his business partner Platon Lebedev were presented as a case against “oligarchs who had reached the pinnacle of their wealth first and foremost through suspicious means” (Burret, 2011: 129). The Yukos case was a part of the broader governmental policy.

Starting from October 1999, the state began to impose limits on the ability of the energy magnates to influence the decisions of the Fuel and Energy Ministry (Sakwa, 2009: 80). Another important step in the anti-oligarch campaign was the removal of important instruments of public opinion influence from the control of big businesses, such as ownership of the mass media. This measure affected mainly Boris Berezovsky (used to control ORT television) and Vladimir Gusinsky (created NTV channel) (Sakwa, 2009: 76). In early 2000, the biggest businessmen faced criminal prosecution mainly for economic crimes. In particular, Gusinsky and Berezovsky were persecuted (Volkov, 2003: 1). Nevertheless, Putin’s regime was not planning to destroy the large businesses all together. His aim was to introduce a hierarchy in the system and to keep the oligarchs away from politics. The Russian government used the Russian Union of Industrialists and Entrepreneurs (established in the 1990s) as a way to institutionalize dialogue between major businesses and the state. The oligarchs had the opportunity to carry on their business, as long as they paid their taxes and did not interfere in politics (Sakwa, 2009: 79).

Since not all the oligarchs were willing to go along with the new governmental policy towards major businesses, the biggest attack on the post-privatization oligarchs was yet to come. The most disturbing development of the conflict between the Russian government and big businesses for Western observers was the dismantlement of Yukos, and the controversial sale of its largest part to Rosneft. According to Vladimir Volkov, in the 2000s, Yukos was the largest Russian company in terms of the market value of its assets, second largest in terms of profit, and fourth in sales (Volkov, 2003: 1). Mikhail Khodorkovsky was not ready to give up his influence in either domestic politics or the freedom of decision-making over the development of his business. Khodorkovsky was negotiating the potential sale of the larger share of Yukos to either ExxonMobil or ChevronTexaco; a move which was considered by the government, as an attempt to sell strategic resources to a foreign company (Volkov, 2003: 4). Moreover, it is argued that Khodorkovsky was trying to interfere in the development of domestic politics, by offering financial support to such parties as Yabloko and

the Union of the Right Forces (Volkov, 2003: 2).

In other words, Mikhail Khodorkovsky undermined the newly established hierarchy of relations with the Kremlin. The response of the state resulted in the arrests of Mikhail Khodorkovsky and Platon Lebedev[8] for financial fraud and tax evasion in October 2003. The arrests of Lebedev and Khodorkovsky were followed by the freezing of 44 per cent of YUKOS' stock (Volkov, 2003: 1). It is argued by Balzer that such consequences for Yukos were not unavoidable. If Mikhail Khodorkovsky had respected the informal "social contract" with the government and respected the rule of consultation with the government prior to making major decisions (such as sale of shares to a US-based company), he may still be running his business (Balzer, 2005: 221).

Coming back to the securitisation theory, the Khodorkovsky's arrest is a good example demonstrating the complexity of the securitisation as a speech act. Balzacq emphasizes "the practices, contexts, and power relations underpinning securitisation in addition to its discursive basis" (Robaek, 2012: 275). This means that it is not enough to simply 'name' an issue as a threat. For the securitisation process to be successful the authority of the securitising actor should be recognized by the audience. The use of symbols shared by the audience, such as references to collective memory and national identity is often an important part of the securitisation process: "agent works persuasively to prompt a target audience to build a coherent network of implications (feelings, thoughts), that concurs with the actor's reasons for choices and actions" (Balzacq, 2010). Robaek emphasizes the importance of the "visual presentation of a protagonist" (Robaek, 2012: 276). For example, Khodorkovsky's arrest was broadly covered by the state television with around 77 per cent of Russian population following the development of the situation (Burret, 2011: 129). Burret (2011: 129) argues that "the nature of Khodorkovsky's arrest[9] played to create a television situation that would elicit maximum support for the move among the Russian public". In all the public interviews president Putin was commenting on the Yukos issue explaining it as a campaign against corruption and economic crime: "The crimes of mister Khodorkovsky's has been proven in the court, and a thief's place is in prison" (Rossijskaya Gazeta, 2010).

[8] Platon Lebedev is the chief executive of Group Menatap, the holding company that owned YUKOS and other businesses.

[9] Khodorkovsky was arrested at Novosibirsk airport at dawn on 25th of October 2003

After the dismantlement of Yukos, the next step was taken in the re-consolidation of the energy sector under governmental control: the creation of a major national oil company. Putin's administration believed that the major national oil and gas companies, with governmental support, would be able to concentrate on integration into the world energy market, instead of focusing on competition in the domestic market. It is argued that the governmental control over these companies is temporary, and "once they become competitive, they would return to private ownership" (Sakwa, 2009: 323). Rosneft was the obvious choice for becoming national champion of the oil sector. After the arrest of Khodorkovsky and Platon Lebedev, the government expropriated its most valuable part – Yuganskneftegas, which was later acquired by Rosneft. As a result, Rosneft became the eighth largest stock-listed company in the world with the larger oil reserves than Exxon Mobile (Sakwa, 2009: 325 – 326). The existence of the major national gas company was also important, especially considering the dual-pricing policy for natural gas, which was mentioned in the beginning of this chapter. The section below describes the securitisation process in the gas sector.

The gas sector

As it has been already mentioned in the previous chapters, it is important to know the context of securitisation, to understand its reasons. According to Huysmans (2006: 128) securitisation is a process of knowledge construction; manufacturing the feeling of vulnerability or insecurity. At the same time the securitisation can lead to both "a strategy of political legitimization and sustaining a political unity" (Huysmans, 2006: 128). In case of the oil sector, the state had to legitimize its actions towards private business, but in case of the gas industry, it was mainly a question of sustaining and strengthening the existing structures. It would be easier to explain it, after describing the case study of the gas sector in more detail.

The gas sector also faced an increase of governmental control during the two first terms of Putin's presidency. However, in the case of the gas sector, the situation was completely different; the Russian government did not have to spend as much time and effort on the creation of a 'national champion' in the gas sector, since such a champion, Gazprom, had been established long before Putin came to power. Gazprom is the largest gas producer

and exporter in Russia. In 2009, Gazprom controlled 69.8 per cent of Russian gas reserves, was responsible for 79.2 per cent of total gas extraction and 8.4 per cent of oil and gas condensate extraction in Russia (Statistics on Gazprom). Gazprom was created in 1989, when the Ministry of Gas Industry was transformed into the state company Gazprom. This transformation was initiated by the former Soviet gas minister Viktor Chernomyrdin, who intended to save the assets of the Russian gas system. Before the dissolution of the Soviet Union, Gazprom had been extracting 800 bcm of gas annually, controlled 160 thousand kilometres of pipelines, owned 350 compression stations, several thousand wells and dozens of underground storage facilities. After the collapse of the Soviet Union, Gazprom lost one third of its pipelines and gas fields (Panushkin, *et al.*, 2008: 20). In the past 20 years, Gazprom has never been privatized. In the 1990s, this decision was explained by the potential difficulties, which could be created if Gazprom was divided into smaller independent companies. Unlike in the oil sector, it is important to control all the elements of the chain of extraction, production and transportation of gas, for the whole system to be effective (Panushkin, *et al.*, 2008: 20).

From the history of Gazprom, it seems that in the gas sector, Putin's regime did not have to put a lot of effort into the re-consolidation of Gazprom under state control and into making it a national champion. Ever since Gazprom was established, it has enjoyed an exceptionally strong position in Russian natural gas production. Attempts were made to liberalize Gazprom in the early 1990s. In the middle of 1990s, Gazprom had a much more diverse ownership structure in comparison to the present moment. In 1994, private individuals owned 48 per cent of the company's shares, companies (independent from Gazprom) owned a further 10 per cent and the government owned 40.87 per cent of shares. This means that, in 1994, the controlling bloc of stock belonged to individuals (3.5 million Russian citizens) (Butrin, 2002). However, Gazprom was slowly buying its own shares back from the individuals. By 31 May 1995, Gazprom had bought 10 per cent of its stock from independent shareholders. By 1998, only 800,000 (compared to 3.5 million in 1994) Russian people owned shares in the gas monopoly (Butrin, 2002).

The number of presidential decrees demonstrates the exceptional position of Gazprom particularly well. For instance, in the summer of 1992, President Yeltsin signed Decree No. 538 from 01.06.1992 on the "Maintenance of the unified gas supply system of the country"

and Decree No. 539 from 01.06.1992 on the “measures necessary for the development of major new gas fields on the Yamal Peninsula in the Barents Sea and the Sakhalin shelf”. These decrees gave Gazprom an opportunity to control all the domestic gas market and licensed the company to develop gas fields in the richest regions. By 1995, Gazprom would have licenses for 81 gas fields, which is roughly equivalent to 68.5 per cent of all the gas reserves of Russia (Ivanova, 2001).

At the end of 1990s, Gazprom obtained even more control over the gas sector in Russia. For instance, the Federal Law No. 69-FZ “On Gas Supply” is particularly interesting. Article 6 of the law defines “a single system of gas supply”, which includes manufacturing complexes of extraction, transport, storage and supply objects of natural gas. Basically, a single system of gas supply includes all the property of Gazprom related to the production and supply of natural gas. Article 13 of the law regards the inadmissibility of the separation of the single system of gas supply. Article 14 says that the owner of the single system of gas supply can be shut down only by federal law. Moreover, this law limits the share of foreign investors to 20 per cent of Gazprom’s stock (Federal Law No. 69, 31 March 1999). At the same time, the law does not mention anything about the importance of the development of competition in the natural gas sector, but states that Gazprom (or any other owner of transportation networks) has the right to refuse access to the pipeline network due to its limited capacity (Federal Law No. 69, 31 March 1999).

After Putin came to power, changes were made in the top management of Gazprom. Rem Vyakherev was the president of Gazprom from March 1993 to May 2001. Before 1993, Vyakhirev had been working in the gas sector for 25 years. However, after Putin became the Prime Minister, he began to lobby for change in the management of Gazprom. After a series of raids by the tax police, Rem Vyakherev was replaced by Alexei Miller. Some Russian authors, such as Reznik, argue that these changes were made to give Putin an opportunity to influence decision-making in the gas monopolist (Reznik, 2009). In sum, by the end of Putin’s second presidential term, the gas sector was dominated by Gazprom whose rights of ownership and control over the means of production and transportation are guaranteed by Russian legislation; while the oil sector was dominated by five major companies (see Table 1). As a result of the securitisation process, the government achieved its goal of regaining control over the energy production. The success of the security speech act could be

explained by the manipulation of the historical political context in order to successfully "translate proposed meaning into a collectively held representation" (Spitzel, 2007: 369). The section above demonstrates that the government still controls a significant share of the Russian energy sector. At the moment, the government controls around 23 per cent of the oil-producing sector, mainly through shares in Rosneft and Gazprom Neft (Volosov, 2011). The rest of the oil-producing and processing companies are in private ownership. At the same time, the government controls around 48 per cent of the gas-producing sector, due to its ownership of 50 per cent of Gazprom's shares (Volosov, 2011).

Table 1 Major Oil Producers

Name	**Ownership**	**Oil production (2010)**	**Gas Production (2010)**
Rosneft	State share: 75.16 per cent Free-Float: around 15 per cent (Rosneft website1)	847 mln barrels of crude oil	12.34 bcm (Rosneft website 2)
LUKoil	Private ownership: 100 per cent (LUKoil website 1)	708 mln barrels of crude oil (LUKoil website 2)	2,471 bcm of stripped gas, 846,000 tonnes of liquefied gas (LUKoil website 3)
Surgutneftegas	Private ownership: 100 per cent	59.55 mln tons	13.4 bcm (Surgutneftegas website)
Gazprom Neft (Sibneft)	Gazprom: 90.01 per cent Gazprom Finance BV: 5.67 per cent Free Float: 4.32 per	52.8 mln tons of oil equivalent	4 bcm (Gazprom Neft

	cent (Gazprom Neft website 1)		website 2)
TNK-BP	Novyinvestment Ltd.: 94.7 per cent Free-Float: 5.3 per cent	Combined oil and gas production: 1,713 thousand barrels per day (TNK-BP Annual Report, 2010: 12)	

Source: This table is based on data given on the websites of the energy companies listed

To sum it up, Putin's first two presidential terms resulted in the consolidation of energy sector under the governmental control. In case of the gas sector, the main aim of the Russian government was to keep the control, rather than to change the existing division of power between the state and the private sector. Taking into the consideration the developments in the oil sector described above, the securitisation of the gas sector went smoother. The securitisation is a process of "establishing lasting mechanisms of norm compliance" (Kurtz, 2012: 671), or convincing the target audience to accept the securitising moves. In this sense, the securitisation process is closely related to the politicization. Buzan defines politicization as making "an issue to appear… as something that is decided upon and that therefore entails responsibility" (Buzan *et al.* 1998: 29). Therefore, securitising of the oil sector makes the gas sector a referent object of security as well. Since the audience accepted the securitisation of the oil sector, the securitisation of the gas sector has been accepted by the target audience as well.

The security as a speech act has been used by the Russian government to consolidate the energy sector under the control of vertically-integrated companies and a higher level of governmental interference in the sector is criticized in the Western world. It is assumed in the West that Putin's energy policy undermines the results of the privatization and liberalization reforms of the 1990s. In particular, Western commentators were disappointed by the Yukos affair, by the increase of the governmental share in Gazprom to 51 per cent and by the sale of Sibneft to Gazprom, which became Gazprom Neft (Terterov, 2006: 3). However, neither the Putin's regime nor the majority of the Russian population consider the

privatization to have been so far beneficial for the development of the Russian Federation. According to an opinion poll conducted in 54 cities in the Russian Federation, the majority of population does not believe that the privatization process has reached its aims. 60 per cent of participants think that the privatization was conducted without respect to Russian legislation; 77 per cent think that the owners of large corporations do not have legal rights of ownership; 80 per cent of respondents mentioned the negative consequences of corruption, which resulted in the unfair distribution of strategic industries (Bor'yan, 2007: 14). This example demonstrates "the embedded-ness of security articulations in social relations" (Spitzel, 2007: 365). The security speech act could not be successful only due to the linguistic element of it. Both the securitising actors and the audience are embedded into the same social context.

The official position of Russian leader in the justification of the energy sector securitisation is based on the idea that through "the assertion of state authority in the energy sector" (Sakwa, 2009: 78), the government protects the interests of the Russian population. The government believes that oil and gas resources are important for Russian economic recovery. At the same time, the current regime is sceptical about the mechanisms of the world market. The government is concerned that global market forces would not be able "to provide the economic opportunities and social support necessary for the Russian people to make a successful transition to a modern European-style economy and political system" (Olcott, 2004: 16). In sum, Putin thinks that by acting as the 'supreme regulator' of the energy sector, the state protects the interests of the society (Balzer, 2005: 218). As a matter of fact, the Russian population seems to share this official position. For instance, the Yukos affair is presented in the West as an unlawful attempt to regain control over the energy sector from the private hands. However, the majority of the Russian population saw it as a reconstruction of order and rightful punishment of the billionaires, who gained their wealth at the expense of the Russian population (Olcott, 2004: 30).

Changes introduced to the structure and ownership of the energy sector were supposed to ensure domestic energy security and to boost the Russian economy. The Russian government has to control the energy sector to ensure the protection of domestic consumers. For example, the Gazprom representative emphasized the specific role of Gazprom in the domestic system of gas supply in an interview with the author. He said that,

"the supply of natural gas to the Russian population at a low price is the priority for Gazprom" (Interview with Gazprom representative, April 2010). However, as it was mentioned above due to the dual pricing policy Gazprom is in desperate need of investment. Considering, that the increasing of domestic prices to the European level is not possible at the moment, the only solution for Russia is to attract foreign investors to the development of the Russian energy sector. The situation around foreign investment is another stumbling block of Russian energy policy. On one hand, the Russian government is interested in attracting foreign investors, but at the same time it cannot give the rights demanded by foreign investors. According to Cameron, the Director of the EU-Russian Energy Centre, foreign investors have concerns about the ability of the Russian government to protect their rights (Cameron, 2011). Cameron says that the position of foreign investors in Russia has changed a number of times throughout the history, depending on the priorities and needs of the government (Cameron, 2011). The history of foreign investment into the oil and gas sector is indeed difficult. Below is a brief summary of the history of foreign investment in Russia. Similarly, regarding the discussion on the re-consolidation of the energy sector under governmental control, it is important to look at the history of the FDI in Russian energy sector.

FDI in the oil and gas sectors

The securitisation of the FDI legislation followed the similar logic as the consolidation of energy sector under governmental control described above. It was important for the government to justify the importance of bringing the issue of the FDI into the realm of the exceptional politics, to demonstrate that it is important to put it under the state control as a matter of security. The symbolic power has been used once again to justify the securitisation move. The state-sponsored media was framing the issue by referring to both traditional lack of trust to the foreign investors and to the deals and decisions made in the 1990s (the period of time, which is usually associated with political weakness). For instance, Rossijskaya gazeta quoted Valerij Zorkin, the former head of the Constitutional Court as follows: "It is important to reconstruct energy sovereignty, including revision of the PSA agreements with foreign investors. These agreements signed in 1990s provide favourable conditions to the large international companies, but Russian interests are overlooked" (Dobrjnina, 2006). To explain how the context has been manipulated by the government it is important to look at the context itself. And for the purposes of this section it is important to go as far back as the early

years of oil and gas production in Russia, to demonstrate the attitude of Russian population towards foreign investors.

The history of oil production in Russia goes back to the nineteenth-century, when the first oil fields were discovered in Azerbaijan. Before the 1917 Revolution, private foreign investors had been actively involved in the development of the industry. Since 1898, foreign investors had almost absolute freedom in trade and industrial production in the Russian Empire; the only exemption was military production. Tsarist Russia was especially interested in attracting foreign investment to develop oil production in the Caucasian region. Since 1875, the Russian oil industry has been consolidated in the hands of Noble and Rothschild. According to Marshall Goldman, Shell had been actively involved in the Russian petroleum sector since 1911 (Goldman, 2008: 21-24). In 1914, 300 oil companies existed and the majority of these were operating under foreign control. At this time, foreign investors were responsible for 54 per cent of oil extraction and 75 per cent of trade in oil. Since the nationalization process in 1918, all foreign companies were included in the Soviet planned economy. The Soviet leaders mainly had a negative attitude towards foreign investors (Goldman, 2008: 25).

The Bolshevik Revolution in 1917 had a direct impact on foreign investment in the Russian economy, including in the energy sector. In June 1918, all the oil-fields were confiscated by the Bolshevik government. Soon after this, the new state leaders realized the necessity of foreign technical support in the operation of oil-fields. Moreover, the major Western companies decided to boycott Russian oil exports (Goldman, 2008: 25). Following the conclusion of the Civil War, Vladimir Lenin introduced the New Economic Policy (NEP), which among other ideas, included the decision to invite foreign investment into Russian oil production. Among the companies which responded to this incentive were the Bransdall Corporation, British Petroleum and a Japanese group in Sakhalin (Goldman, 2008: 26). Goldman argues that it was the foreign technical support which allowed the new Communist government to increase oil production to 7 million tons in 1924, compared to 3.781 million tons in 1921 (Goldman, 2008: 25–26). He points out the following elements of western assistance: “besides work at the wells, foreign help included American, German, and British assistance in the building of a second pipeline from Baku to Batumi, the French supply of a Schlumberger well-logging process, and American, German, and British support for refinery

construction" (Goldman, 2008: 26). For example, in 1927, there were 69 concessions in Russia: 53 of them were entirely created by foreign capital and 16 were joint enterprises. Among the biggest investors were Germany (16 concessions) and the United States of America (9 concessions). Other investors were Great Britain, Japan, Poland, Austria, Norway, France and Sweden. Foreign investors were mainly interested in the extraction and processing of natural reserves, agriculture and trade. However, alltogether the concessional production was around only 1 per cent of the total production in 1926 – 1927 (Goldman, 2008: 26).

However, Soviet cooperation with foreign investors did not last for a long time. in the Interwar period, the Soviet government started to expel Western investors from the Russian energy industry and, by the end of the Second World War, all the foreign companies were gone (Goldman, 2008: 26). These early years of Soviet rule resulted in continued uncertainty of foreign investment in the Russian economy, including the oil-and-gas industry. Up to the present day, there is no proper legislation which can guarantee the security of foreign investment in Russia. Since 1987, the leaders of first the Soviet Union and later the Russian Federation reformed the legislation related to foreign investment in Russia. The legislation adapted during the later years of the Soviet Union allowed joint companies as the only form of foreign investment. Moreover, in the first stages of the development of this legislation, only participation of investors from the Soviet bloc was allowed (Doronina *et al.,* 1993: 72). The closeness of the Soviet economy to foreign investment shaped the specific public opinion towards the foreign investors. Even the radical political changes in the 1990s could not easily change the traditional scepticism towards the FDI. Moreover, the liberalisation reforms were ill-planned and implemented.

The collapse of the Soviet Union did not improve the investment climate dramatically. The laws adopted between 1991 and 1999 expanded these boundaries and allowed different ways of foreign investment in Russia (Voznesenskaya, 2001: 29). However, the legislation on foreign investment, adopted by the Russian Federation in the early 1990s, was often developed in a rush and without significant attention to detail. As explained below, it was the weakness of this legislation, which is used now as a symbol in the securitisation of the FDI in Russia. The law on foreign investment in the Russian Federation from 4 July 1991 could be useful to demonstrate the problems of Russian legislation on foreign investment in the

1990s. The Law included generic provisions on the protection of foreign investment in Russia including the protection of the ownership rights of foreign investors, rights to use the profits from investment and dispute settlement provisions. However, most of these provisions were under-developed and, as a result, could not guarantee the rights of foreign investors in Russia. For instance, Article 8 of the Law states that in the case of the nationalization of property owned by a foreign investor, compensation should be paid to the owner of the nationalized enterprise. Compensation should be calculated according to the estimated value of the nationalized property, but it is unclear which institution should be responsible for such an evaluation and for the methods of the calculation of compensation (Doronina *et al.,* 1993: 87-88).

On 14 July, 1999, a new Law on foreign investment in the Russian Federation came into force (consequently, the former Law of 1991 lost its power). According to Ninel Voznesenskaya, the Law of 1991 covered a broader variety of issues related to foreign investment. The Law of 1999 focused mainly on the governmental guarantees of the rights of foreign investors. The Law specified that banking, insurance, and non-commercial sectors are excluded from the provisions introduced by this law. According to Voznesenskaya, it contradicted the international norms with regards to foreign investment (Voznesenskaya, 2001: 40).

The most common type of foreign investment in the Russian energy sector is through Production Sharing Agreement (PSA). The PSA Law was developed and signed under Yeltsin's administration in 1995. The PSA agreement is signed between the Investor, the State, and the local authorities in the region in which the Investor wishes to invest (Maican, 2009: 11). Such an agreement gives an investor the right for the exploration, development and production of energy resources for a certain period of time. Both Russian and foreign companies can sign the PSA agreement, but for foreign investors there is an established limit of 30 per cent of Russian oil and gas resources (Maican, 2009: 11). There are other requirements which an investor should consider. They include: Russian companies have the priority in signing such an agreement, 80 per cent of the personnel should be Russian, and the Investor pays the State, either in shares of the resources extracted or in shares of the product sales. An Investor has the right for reimbursement "for the costs of its investment out of an agreed portion of the oil that the Investor produces, before any profit oil is taken by the parties to

the agreement" (Maican, 2009: 11). To summarise, the legislation on foreign direct investment is historically weak in Russia. In the beginning of his first term, Putin promised to improve the situation for foreign investors. However, by the time of his re-election, it became obvious that an improvement of the FDI laws would clash with the new developments in the Russian energy policy.

Coming back to the securitisation theory applied in this thesis, the audience should accept the securitisation of the particular issue for the speech act to be successful. Securitising actors may use national identity and collective memory as symbolic power to convince the audience in the necessity of the extraordinary measures. Balzacq writes the following about the national identity: "the social identity, which operates to both constrain and enable the behaviour of the securitising actor" (Balzacq, 2005: 178). In case of Russian energy policy, the current Russian political leaders use the references to Russian history and national identity to justify the limits imposed on the foreign investors. As it has been demonstrated above, historically, the Russian government and Russian population are sceptical about the participation of foreign investors in the development of the Russian energy industry. That is why, in the early 1990s, the question of FDI into strategic industries, including the oil and gas sectors, caused a heated debate among Russian politicians. More conservative parts of the Russian government called any concessions to foreign investors "selling country's mineral endowment to foreigners at fire sale prices" (Timokhov, 2001-2002: 367). This negative perspective towards foreign direct investment from some Russian politicians and Russian people almost undermined the PSA Law development in the middle of the 1990s (Timokhov, 2001-2002: 367). The negative attitude on FDI in the Russian energy sector is shared by the general public, as well as the politicians (Kusznir & Pleins, 2007:12). The Russian Public Opinion Research Centre conducted two opinion polls in 2006 and 2007 about the necessity of foreign investment in strategic industries, including the oil and gas sector. In 2007, none of the respondents thought that all the restrictions on foreign investment should be lifted in both the oil and gas industry. At the same time, 51 per cent considered that any FDI is unacceptable in the oil sector and 17 per cent were against any foreign participation in the gas production industry. The majority of the respondents (39 per cent for the oil industry, and 63 per cent for the gas industry) thought that foreign investment into the energy sector should be limited to 25 per cent (WCIOM, 2008).

During the second presidential term, Putin's government began to change its approach towards foreign investors as compared to the early 2000s. When Putin came to power, he claimed that Russia needed to become more attractive for FDI to support the Russian economy. Indeed, the inflow of FDI increased during his first presidential term. According to Kari Liuhto, in 1990–1995, the annual inflow of FDI into the Russian economy was around US$1 billion, ten years later (in 2005) the number was almost fifteen times higher (Liuhto, 2008: 2). Nevertheless, the situation changed again after his re-election for a second term. In 2004–2005, the additional limitations on investment into Russia's strategic industries have been explained by security implications. Kari Liuhto quotes Putin's address to the Federal Assembly in April 2005:

> "Investors sometimes face all kinds of limitations, including some that are explained by national security reasons, though these limitations are not legally formalized. This uncertainty creates problems for the state and investors. It is time we clearly determined the economic sectors where the interests of bolstering Russia's independence and security call for predominant control by national, including state, capital. I mean some infrastructure facilities, enterprises that fulfill state defense orders, mineral deposits" (Liuhto, 2008: 3).

The sectors mentioned in this address are referred to as the strategic industries. Consequently, foreign-owned companies are not permitted to participate in the development of large oil and gas reserves (Liuhto, 2008: 3). In April 2007, Putin signed a new law on FDI in these strategic industries. The law states that any foreign company wishing to obtain a controlling stake in a company operating in a strategic sector, or to buy more than 10 per cent in larger oil and gas deposits, needs to obtain the approval of a governmental commission. Putin himself became the head of this commission after his second presidential term (Pleines, 2009: 74). Putin remained the Chairman of the Commission of the Foreign Investment Oversight until May 2012. On his resumption of the presidency, he was succeeded as Chairman by Dmitry Medvedev.

In other words, foreign investors have different experiences in Russia, depending on the industry they invest in. For example, companies working in the retail sector feel more

secure, compared to investors interested in the natural resource sector. According to a representative of DG Energy in the European Commission, European investors are concerned with the limits imposed on foreign investors wishing to participate in strategic sectors (Interview with a representative of DG Energy, 2011). Moreover, there is no international legal framework which can guarantee the interests of investors: "there is no agreement on FDI since 2008, when Russia withdrew from the Energy Charter Treaty" (Interview with representative of DG Energy, 2011). The European concerns, with regards to the protection of FDI, have also been expressed by Fraser Cameron, Director of the EU-Russia Centre. In Cameron's opinion, it is worrying that, without a clear international framework, the Russian government has the chance to change legislation at any moment (as it used to do in the past). That is why small and medium-sized businesses avoid investing in the Russian energy sector (Cameron, 2011). However, even the larger investors (such as BP) are not protected from the controversies of Russian legislation on foreign investment. This chapter uses the examples of the Kovytka gas deposit license, and the Sakhalin–2 projects to demonstrate how the interests of the Russian government override the interests of foreign investors.

The case of Kovytka gas deposit license

Kovytka is situated in Irkutsk Oblast'. This gas field boasts 2.13 trillion cubic metres of gas and 108 million tons of condensate (Poussenkova, 2009: 139). It is one of the richest gas deposits, with a potential annual production of 40–45 billion cubic metres. According to Jeronim Perovic and Robert Orttung, "Kovytka could produce enough gas to satisfy 15–20 per cent of the non-contracted gas demand of China and South Korea by 2020" (Perovic *et al*., 2007: 5). The original license holder for the development of this field used to be RUSSEA Petroleum, the company jointly owned by TNK-BP and Interros. TNK-BP owned a 62.4 per cent stake in RUSSEA Petroleum (Perovic *et al*., 2007: 5). Gazprom has been interested in participating in the development of Kovytka's gas since the beginning of the 2000s. For TNK-BP, it had been extremely difficult to avoid inclusion of Gazprom into the project, because "Gazprom is the official coordinator for the development of gas production in the Russian East, and… has the right to own and operate gas export pipelines" (Perovic, *et al*., 2007: 5). In June 2010, TNK-BP announced the bankruptcy of RUSSEA Petroleum. In March 2011, Gazprom bought assets of RUSSEA Petroleum in an auction (Vesti, March 2011).

The case of Sakhalin-2 project

Some other foreign investors also came under pressure to sell part of their shares in major oil and gas operating companies to major Russian companies. Sakhalin-2 was established in 1994. The license for the development of oil and gas belongs to a company "Sakhalin Energy", which used to be owned by three foreign companies: Royal Dutch/Shell (55 per cent), Mitsui (25 per cent), and Mitsubishi (20 per cent) (Jeffries, I. 2011: 322). For a long time, Sakhalin-2 was the only project, which had no Russian participation (Perovic *et al*., 2007: 5). However, in December 2006, Gazprom also received stakes in the Sakhalin–2 oil and gas project. Perovic and Orttung argue that the Russian government used accusations that the company had violated Russian environmental legislation, in order to press foreign partners into selling a share of Sakhalin Energy to Gazprom (Perovic, *et al*., 2007: 5). The state sponsored press provided supportive account of the case by linking violation of Russian environmental law with the references to the agreements signed in 1994, which supposedly overlook Russian interests. For instance, Rossijskaya Gazeta provides the following analysis of the case: "Russia could potentially gain up to US$ 300-400 million, but due to the unfavourable [to Russia] PSA agreement is only getting US$ 20 million in royalties" (Vladimirov *et al.* 2006). The same article quotes the intention of Russian authorities to close the project if Russian environmental law is violated (Vladimirov *et al.* 2006). Presenting the activity of foreign investors as undermining to Russian economic interests, helps to shape public opinion and justify the state's decisions as taking an issue under control for the benefit of the entire population. According to Buzan *et al.* (1998:29) and Kurtz (2012: 671) this is an example of security speech act. The use of specific socio-cultural context allowed Russian government to successfully regain control over the project. At the moment, Gazprom owns a 51 per cent share of Sakhalin Energy, Royal Dutch/Shell owns 27.5 per cent, Mitsui 12.5 per cent and Mitsubishi 10 per cent (Sakhalin Energy website).

To sum it up, the securitisation of the FDI legislation followed the similar logic as the consolidation of energy sector under governmental control described above. It was important for the government to justify the importance of bringing the issue of the FDI into the realm of the exceptional politics, to demonstrate that it is important to put it under the state control as a matter of security. The symbolic power has been used once again to justify the securitisation move. The state-sponsored media was framing the issue by referring to

both traditional lack of trust to the foreign investors and to the deals and decisions made in the 1990s (the period of time, which is traditionally associated with political weakness). For instance, Rossijskaya gazeta quoted Valerij Zorkin, the former head of the Constitutional Court as follows: “It is important to reconstruct energy sovereignty, including revision of the PSA agreements with foreign investors. These agreements signed in 1990s provide favourable conditions to the large international companies, but Russian interests are overlooked” (Dobrjnina, 2006).

The clash between political and economic factors in Russian energy policy

Russian regime considers the energy sector to be central to political and economic stability in the country, and in the last 14 years was increasing the governmental control over the energy industry. To justify the consolidation of the energy sector under the governmental control, the Russian government uses the elements of symbolic power, such as references to the national identity and collective memory, in particular the controversial liberalization and privatization reforms conducted in 1990s. According to the securitisation theory used in this thesis (Balzacq 2010, Buzan 1989), the important part of the securitisation as a speech act is the identity construction based on the ‘us against them’ dichotomy. In case of the securitisation of Russian energy industry ‘them’ could be both domestic and foreign actors. For instance, one of the purposes of the securitisation process is to limit an ability of both Russian and foreign investors to control the industry, especially in the gas sector. The outcomes of this policy are controversial. The government negotiates its policy to the population as an attempt to regain control over the sector for the benefit of the majority of Russians as opposed to the small number of big businesses in and outside of Russia.

There are some positive results: the Russian economy demonstrated the sign of stable growth over the last ten years, the political situation within the country is finally perceived as a stronger player in the international arena. The Russian economy overcame the crisis of 1998 and 1999. The growth and progress of the Russian economy was acknowledged by the International Monetary Fund (IMF) in 2004. Before the economic recession, “Russian foreign reserves were more than US$185 billion, the fiscal budget was in surplus, debt was paid down” (Crandall, 2006: 125). A large proportion of revenues from oil and gas sales have been used to establish a stabilization fund. Some of this money was used to pay off Russian foreign debt, which went down to just 4 per cent of GDP in the middle of 2007 (Hanson, 2009: 26).

The inflation rate has been brought down as well (Hanson, 2009: 26). These achievements required significant changes in the Russian energy sector. First of all, the Russian government had to exercise a higher level of control over the energy production. The energy sector became the referent object of security and all the forces (domestic and foreign), which could undermine the government's position in the energy sector, were presented as a threat (for example, Mikhail Khodorkovsky). The controversy of this policy could be illustrated by the effects of global financial crisis, which hit the world in 2008 – 2009 (as illustrated below).

The Russian domestic political situation has stabilised. However, the achievements of this policy have come with a price. The consolidation of the energy sector under governmental control, gaps in the legislation on foreign investment and the reliance on energy exports for reconstruction of the economy has created a risky situation for the energy sector and for the Russian economy in general. Many experts argue that Russia cannot be considered a rising economic power, as, for example, China or India. For instance, Youngs (2009: 80) writes the following: "Russia… is on a long term path of decline enjoying new influence thanks to a moment of rising energy prices" The potential fluctuations of the price of the oil are the main risk to Russian economy.

The successes of Russian economic growth have been achieved by the exploitation of Russia's natural resources base. Moreover, the growing revenues from the oil and gas sectors have been achieved not by the increase in production, but due to the increase in oil prices since the beginning of the 2000s. For example, the fall in the price of oil in 1998 resulted in a fall in the Russian revenue from oil sales, which in its turn contributed to the downfall of the country's economy. Conversely, the rise in oil prices in 2000 resulted in an extra 70 per cent of revenue for Russian oil companies and accordingly an additional US$8.1 billion in tax for the Russian state (Jaffe & Manning, 2001: 134). Keeping in mind that the oil price level changes over time and that, following a period of price growth, there would most likely follow a period of price fall, the Russian economy is vulnerable to this fluctuation. Moreover, the income received from oil and gas sales was hardly invested into the development of the industry. On the contrary, outputs of natural gas are stagnant: three supergiant fields, which have been in operation since the Soviet times, are in decline. Oil production has also slowed down after the short period of growth in the early 2000s (Jaffe & Manning, 2001: 134). The 2009 global financial crisis demonstrated the negative impact of the high level of

dependence of the Russian economy on energy sales.

Global recession has affected the Russian economy as well. In 2009, the Russian economy shrank by 7.9 per cent and the FDI decreased by 45 per cent. Among other reasons, one reason for the decline of Russian economy is its dependence on energy prices. During the second half of 2008, oil prices dropped from US$147/bbl to US$32/bbl (Mankoff, 2012: 43). The Russian economy demonstrates rather slow recovery rates: real GDP grew 4 per cent in 2010 (IMF, 2011: 27). The IMF explains the slow recovery by the economic dependence on energy sales, the poor investment climate, as well as the imperfections of the banking system (IMF, 2011: 28). The interconnection between economic growth and energy prices is discussed by other scholars as well. For example, Guriev and Tsyvinski (2010) write that: "[the] Russian recovery depends on high oil prices, and the evaluations of predicted economic recovery are directly related with the fluctuations of oil prices" (Guriev *et al.*, 2010: 29). Moreover, as it has been described above, Russian energy infrastructure is in desperate need of investment, especially the gas sector with Gazprom's double-pricing policy. It is important to ask the question why Russia creates such difficult conditions for foreign investors to energy sector, considering that Gazprom is in such desperate need of investment. The answer is related to the very nature of the securitisation process. Kurtz writes the following about it:

> "Once a securitising actor has employed a particular argument relating to a specific fact… to legitimize his proposition, he/she cannot fall behind that anymore without risking losing a considerable amount of credibility" (Kurtz, 2012: 671)

In this case, the government cannot change its policy towards FDI without affecting other elements of its energy policy. This creates the clash between political and economic elements of Russian energy policy, and in the long term may result in both economic vulnerability and political instability. Considering that energy sales constitute 50 per cent of Russian exports, the only realistic way to increase the export, to match the import growth, is to increase the export volumes of hydrocarbons (Ahrend, 2006: 113). This is because, even if Russia increases "exports of more sophisticated manufactures, their contribution to total export growth would remain modest for some years to come, given their small share in

current exports" (Ahrend, 2006: 113). Of course, Russia needs to diversify its exports to include a wider range of products, aside from natural resources. Nevertheless, at the moment, there is the question as to whether Russia can increase exports at all, including oil and gas sales. The topic of the much-needed investment into the energy sector was raised earlier in this chapter. Kjaestad and Johnsson write that large investments are needed in more or less all parts of the Russian energy sector, in order to guarantee future supplies (Kjaestad *et. al*, 2007: 887). Without investing in the development of the new fields and the upgrading of the existing infrastructure in a short period of time, Russia may lose its share of the European market (Kjaestad *et al.* 2007: 887) and, this, in its turn, will negatively affect the Russian economy.

Moreover, the developments in Russian national energy policy are raising concerns in the EU. The bureaucratic and legislative barriers imposed on foreign investors, and the controversial approach to the consolidation of the energy sector under governmental control is sometimes interpreted as a way to use energy sales as a foreign policy tool (Smith, 2008; Baran, 2007; Cameron, 2011). There are different perspectives on the ultimate goals of Russian energy policy. One of the perspectives suggests that Russian government is trying to construct an 'energy superpower' (Rutland, 2008: 203). It is complicated by the fact that there is no single opinion on what the term 'energy superpower might mean? Rutland considers the concept of 'energy superpower' to be contradictory, by combining military strength with the energy market. He also emphasizes that none of the major oil-producing countries, could be called a 'superpower' (Rutland, 2008: 206). Peter Rutland writes that Russia supplies only around 10 per cent of global oil and gas. Considering this, it is difficult to imagine that Russia would be able to use energy as a "political weapon" without the cooperation of other energy-producing states (Rutland, 2008: 207).

To summarise, the context of securitisation and its interpretation and application by the securitising actors is different in Russia as compared to the EU. This thesis argues that the motives behind Putin's changes to Russian energy policy are driven firstly by domestic factors. External actions, which are often interpreted as signs of attempts to use energy as a political weapon, are driven either by the consequences of the limitations of domestic energy policy or in response to policy changes in other states. For instance, Russian resistance to liberalize the access to the pipeline network connecting Central Asia and the EU, is not

caused by a Russian desire to increase political leverage on the EU, but to ensure future Russian supply volumes both internally and externally, in case of a drop of gas production domestically.

Chapter 4

The level of act: Media Analysis

Introduction

According to Balzacq securitisation happens on two levels: the level of agent and level of act. Two previous chapters were devoted to the level of agent and focused on actors and contexts of securitisation in Russia and in the European Union member states. This chapter looks at the level of act, consisting of the context of securitisation and the linguistic act of securitisation. Language is one of the most important tools used by the securitising actors "to prompt a target audience to build a coherent network of implications (feelings, sensations, thoughts and institutions)" (Balzacq, 2010) to justify the securitisation policy. The chapter is divided into two parts: an overview of the gas dispute will help to understand the context of securitisation process and the media analysis of Russian and European press is used as an example of linguistic act.

The case study selected for analysis is 2009 Russian-Ukrainian gas dispute, which affected both energy security of Russia and the European Union. In the past a number of the European member states have experienced the interruptions of Russian energy supplies. The Central and Eastern European member states are more dependent on Russian supplies and therefore more vulnerable to gas stoppages. The significance of 2009 gas spat is very well summarized by Amelia Hadfield (2012: 457): "the 2009 gas crisis accelerated the view of energy by EU policy makers as a strategic commodity, and a subject of EU foreign policy. None of the previous disruptions of supplies from Russia had had such an impact on mutual relations". Moreover, Ukraine is among the most important transit states for Russian exports, because around 80 per cent of Russia's gas exports to the EU go through Ukrainian territory. This creates transit risks for both Russia and Europe (Spanjer, 2007: 2890). That is why the 2009 Russian-Ukrainian gas conflict has been selected for the analysis.

This chapter presents detailed analysis of Russian and British printed media, supported by the analysis of media frame based on the overview of 8 European media sources as an example of the analysis of the linguistic element of securitisation process. The quantitative analysis of Russian and British media is aimed to answer the question if the securitisation process is increased in the context of Russian-Ukrainian gas dispute; and the qualitative analysis of Russian, British and European media examines how the gas dispute has been negotiated to the audience in Russia and the EU.

Energy conflicts with transit states and their implications for EU-Russia energy relations

Historical reasons of transit rows between Russia and transit states

The transit related problems as well as the difficulties of setting the energy prices for former Soviet republics experienced by Russia are rooted in the dissolution of the USSR. The dissolution of the Soviet Union into 15 independent states was accompanied by a break in economic relations with former Soviet states. First of all by transfer from set up prices of planned economic system to the world market ones. The creation of the CIS was essential for former soviet republics to adapt to the new conditions. This included energy trade as well. For many former Soviet states Russian energy exports constitute from 80 per cent to 100 per cent of energy resources consumption (Zhisnin, 2003: 212-213). But most of the former Soviet Union states fail to pay for the imported resources. In the early 1990s, straight after the USSR broke up, Russia agreed to set energy prices for former Soviet Republics lower than the world level (energy prices were about 10 per cent of world levels) (Gromulka, 1994: 93). Russia also accepted the principles of gradual lifting energy prices to world levels and gradual dismantling of direct subsidies (Gomulka, 1994: 95). Due to the economic difficulties experienced by the majority of the Soviet republics, the rise of energy prices by Russia could create the potential for conflict.

The integration process in the former Soviet space has not been very strong (politically or economically) (Kubicek, 2009: 237). By the end of the 1990s the slow fragmentation of the CIS began, with some of the states facilitating cooperation within the CIS framework and others gradually moving away from it. For instance, Russia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan created the European Economic Community (EurAsEc). Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan established the Central Asian Cooperation Organization (CACO) in 2002. Russia joined this organization two years later. In October 1997, Georgia, Ukraine, Azerbaijan, and Moldova created another cooperation framework – GUAM. Uzbekistan was a member of this organization between 1999 and 2005. For this period of time the organization was called the GUUAM. After leaving the GUUAM, Uzbekistan joined EurAsEc in 2006 (Papava, 2008: 49). According to Papava the reason for this disintegration process is “the continued restriction of the integration process to the framework of CIS along

the same lines as the closed nature of production cooperation that characterized the Soviet Economic System" (Papava, 2008: 48).

The process of disintegration was also accompanied by the intention of some of the former Soviet republics to reduce dependence on Russian energy. For example, the GUAM member states were interested in the construction of the Baku-Tbilisi-Ceyhan oil pipeline. This pipeline was supposed to reduce dependence of some of the GUAM members on Russian oil supplies. For instance, Ukraine would get an opportunity to import oil shipped straight from Turkey (Mankoff, 2012: 247). Soon the process of disintegration became even more intensified by the chain of colored revolutions in a number of the CIS member states. First a "rose revolution" happened in Georgia in 2003, the next year was an "orange revolution" in Ukraine, and in 2005 Kyrgyzstan experienced a "tulip revolution" (Hale, 2005: 134). All these coloured revolutions had the same pattern, which Beachain defined as "a civic campaign to guarantee free and fair elections" (Beachain, 2010: 7). Usually as a result of such a campaign it was a pro-Russian candidate who was overthrown. Beachain explains this by the inability of Russian leaders to consider the specifics of the electorate in these countries. On the example of Ukraine, he argues that Russian advisers suggested Yanukovich follow the electoral campaign, which works in Russia: the specific use of media and encouraging maximum "voter turnout" in especially supportive regions, as well as pressure to people dependent on the state to vote for Yanukovich (Beachain, 2010: 36-37).

The Russian government did not expect 'to lose' the CIS, because in some sense Russia never thought about the former Soviet Republics as 'foreign states'. Sergey Morozov argues that Russia did not use any elements of the soft power on the post-Soviet space to try to shape positive attitude towards Russia. However, a number of American and European NGOs were actively operating in Ukraine and in some other states, including Georgia (Morozov, 2008: 20-21). However, for the aim of this research the reasons of the colored revolutions are not as important as the outcomes. In 2004–2005 the Russian government became aware of the loss of its political influence in the CIS. This led to new directions in relations with these states, including in energy policy. Russia decided to concentrate on its own interests and started to lift energy prices for its neighboring states in 2005. Unfortunately this process was not very smooth and resulted in the appearance of new phenomenon: 'energy wars' with transit states which caused supply interruptions to the EU

and damaged the Russian reputation of a reliable energy producer. Among the most significant energy rows were the 2006 and 2009 energy crises with Ukraine.

Russian energy supplies pass through the territory of at least one state before reaching the European market. This fact creates transit-related risks due to the lack of control over the gas or oil flow in the territory of the transit state which also creates opportunities for cost distortions. The European states became aware of the outcomes of these risks after the two major transit rows between Russia and Ukraine. Even though the first crisis happened in January 2006, the tension between the sides existed for several years before it happened. According to Mankoff the argument between Kiev and Moscow over the status of gas transportation network in the Ukrainian territory existed ever since the collapse of the Soviet Union. Ukrainian leaders always demanded high tariff prices for the transit of Russian supplies and resisted persistent attempts of Russia to "secure an ownership stake in its pipeline infrastructure as a means of paying off the country's debt to Russia" (Mankoff, 2012: 252). The disagreement over energy trade reached its culmination point in the middle of 2005.

In spring 2005 the former president of Ukraine, Viktor Yushchenko, suggested moving transit tariffs to the European levels and make them payable in cash. A couple of months later the Russian Duma voted for Georgia, Moldova, Ukraine, Latvia and Lithuania to pay European prices for gas (Stern, 2006). At the end of the year Gazprom requested a price between US$ 160–230 by mcm (considering the rise of world gas prices), unless it would give Gazprom "an equate stake in the transit pipeline network" (Stern, 2006). Ukraine did not agree to either of these variants and as a result by the end of December 2005 Russia and Ukraine failed to reach an agreement and sign a new contract for the next year. On 1st of January 2006 Gazprom reduced the volumes of gas piped through the Ukrainian territory and as a result in the period of time from 1st to 3rd of January 2006, "Gazprom's gas supply to France decreased by 25–30 per cent; supply to Austria decreased by 33 per cent; and Italy received approximately 25 per cent less than normal" (Spanjer, 2006: 2889). The conflict ended in January 2006 when Russia and Ukraine agreed, that Gazprom would sell gas to intermediate company RosUkrEnergo, which is based in Switzerland and co-owned by Gazprom, for US$ 230 per mcm. RosUkrEnergo would resell gas to Ukraine for US$ 95. At the same time, Kiev increased transit rates by 50 per cent (Nyrgren, 2008: 61–62). For two years

there were no major problems related to the transit of Russian gas through Ukrainian territory.

At the end of the year 2008 the energy relations between Kiev and Moscow reached a new point of disagreement over gas and transit prices for 2009. On the 31st of December 2008 Russia and Ukraine failed to sign the new energy supply contract for 2009 because of disagreement between the two countries on gas prices and debts. On 1st of January 2009 when Gazprom's contract to supply gas to Ukraine ended, the taps were turned off at 0700 GMT. Even though both countries guaranteed that gas supplies transported via Ukraine to the EU states would continue as normal (BBC (1), 2009) , but on the 7th of January gas supplies stopped after Russia accused Ukraine of stealing gas meant for European countries (BBC (2), 2009). After continuous mutual accusations, negotiations and the pressure from the EU, Russia and Ukraine managed to reach an agreement (BBC (3), 2009). The gas supplies resumed fully only by the 20th of January 2009. Almost 20 countries in Europe were affected by the gas row between Russia and Ukraine (BBC (4), 2009). The long–term consequences of the 'gas war' are negative for Russia. The EU placed an emphasis on the importance of the development of the internal energy market and the development of alternative energy sources, which may potentially reduce the Russian share at the European energy market, or in other words it threatens Russian energy security. At this stage it is very important to answer the question, why would Russia risk its reputation of reliable energy supplier by these incidents?

In Western literature, Russia's behaviour towards Ukraine is explained by political reasons. For instance, Baran argues that Russian energy policy is aimed not at achieving economic benefits, but to increase the dependence of the European countries on Russian energy supplies. This would allow Russia to use its position as an energy producer as a political tool (Baran, 2007). Some authors explain Russia's behaviour as an attempt to influence internal the political situation within the transit states. For instance, Pavel Baev writes that "Russian economy and Gazprom in particular have gained practically nothing; the achievements are entirely political… Gazprom's straightforward pressure made very little sense and was certain to yield fewer rewards than firm but flexible demands for step-by-step increases" (Baev, 2008: 151). He argues that the 2006 transit row was one of the steps taken by the Russian government to weaken the anti-Russian government in Ukraine (Baev, 2008).

However, it is not entirely fair to explain this transit row only as Russia's foreign policy strategy, because the debt problem discussed earlier is a real factor.

The main argument of the majority of critics was that there are double standards in relations with former Soviet states: only states which "either left the Soviet Union (the Baltic countries) or those which had elected pro-European (rather than pro-Russian governments" (Stern, 2006). In 2006 Russia increased energy prices for Armenia, Georgia, Azerbaijan, Moldova and Ukraine. Only Ukraine and Moldova refused to pay the demanded price, which resulted in a halt to supplies to both states in January 2006 (Stern, 2006). At the same time the relatively loyal Belarus has been enjoying the same subsidized price as before. However, this argument might have been valid only in January 2006. In 2007 Russia did raise the issue of price increases with Belarus as well. Soon after the transit row with Ukraine was over Gazprom began negotiations with Minsk over new price levels for 2007. However, Belarus also did not want to pay the market price and the heated negotiations lasted until 31st of December 2006. On that day an agreement was reached, the price was increased and Russia managed to buy some shares of Beltransgas. However, seven months later the tension escalated again, Minsk owed Gazprom US$ 450 million and insisted on a price reduction. Moscow requested the debt to be paid otherwise the gas supply volumes to Belarus would have been reduced. In the end Minsk agreed to Moscow's conditions (Morozov, 2008: 146–156). To conclude, at the end of the first decade of the twenty-first century Russia increased prices for the CIS without consideration of the political loyalty of their governments.

It would be wrong to say that the energy conflict resulted from the Kremlin's attempt to control the internal political situation in Ukraine. On the contrary, the policy of price increase demonstrates that Russia gave up its imperial ambitions. It would be too naïve from the Russian side to expect to force the governments of the CIS countries to follow the Russian direction only by energy blackmail. Russia should be too short-sighted not to understand the long-term negative implications of the transit rows for the Russian energy sector to risk its reputation as a reliable energy supplier to Europe by the vague and unlikely possibility of re-establishment of its political influence on the post-soviet states. The coloured revolutions made it obvious for Russian leaders that the era of Russian political dominance in the region is over and it is time to give up old the Soviet policy of subsidizing the allied states. Simonov, the director of the Fund for National Energy Security, argues that Russian energy

policy is orientated towards economic interests rather than political ones. The Gazprom representative confirmed this opinion by saying: “Gazprom’s obligation and priority is to provide Russian domestic customers with energy on fair price. To do so Gazprom needed to accumulate enough of income from gas exports” (Gazprom representative, 2010), including exports to the CIS as well. Some of authors find this position rational as well. For instance, Stacy Closson says that “the new prices imposed have been related to sales prices in the West, and the transition from subsidies to market prices may simply represent a passing phase as countries adjust their relationships and adapt to market realities” (Closson, 2010: 97). Moreover, the long-lasting negotiations on Russia’s WTO accession also require the liberalization of energy sector, including the domestic market. According to the Gazprom representative, Russia agreed to a gradual increase of energy prices for domestic customers until 2015 (The EC representative, 2011). Consequently, prices for the CIS countries should go up as well.

Whatever the reasons were, the crises damaged Russia’s position on the European energy market. Until 2006 Russia had a reputation as a reliable energy producer and the energy cutoffs due to transit rows with Ukraine damaged this reputation. It demonstrated the importance of supply diversification of energy supplies for Europe and facilitated the negotiations on the development of Common European Energy Policy. According to the interview with the representative of DG Energy in Brussels, it was the experience of the Russian energy supplies cutoffs, which facilitated the negotiations on the potential for development of more coherent approach towards non-EU energy producers (DG Energy representative, 2011). To sum up, the energy rows provoked a new wave of securitisation in EU-Russia energy relations, because it threatened both the security of demand for Russia (potential of losing its position on the European energy market) and the security of supply (European access to energy supplies).

Since this research is aimed at the analysis of the securitisation process of energy trade between Russia and the EU, it would be useful to see how these threats have been negotiated to the audience. The second part of this chapter is devoted to the media analysis of the Russian printed press in order to answer the question how the energy row of January 2009 has been presented to the Russian and British audiences.

Media analysis of the January 2009 energy conflict

Gamson writes that "media discourse is part of the process by which individuals construct meaning" (Gamson, *et al.* 1989: 2). Media as power to put an emphasis on some issues as compared to others and to formulate and shape public discourse (Splichal, 1999: 272). This section studies how energy policy is presented in Russian and European media using the example of the energy transit row with Ukraine in January 2009. Structurally this section begins by an explanation of how media analysis is grounded in the theoretical framework of the research, then it goes on to describe the specifics of the Russian media context; and the second half is devoted to the qualitative and quantitative analysis of four Russian newspapers: *Kommersant*, *Nezavisimaya Gazeta*, *Rossiiskaya Gazeta*, and *Komsomolskaya Pravda*, followed by the analysis of the European media, which is divided into two sub-sections: the first one presents a broad European media frame based on the analysis of media sources of member states affected by the gas dispute, and the second one is devoted to the more detailed analysis of British newspapers: *The Independent*, *The Guardian*, *The Daily Telegraph*, *The Observer*. The conclusion compares the media frames[10] created in Russian and in European media. For the first part of the European media analysis a variety of English-language online media sources from eight member states are selected. British newspapers are selected more detailed analysis of the media in the EU. Despite the fact that the UK wasn't directly affected by the gas dispute, the analysis conducted in this chapter demonstrated that the media frame created by British media presents the situation in the same way as a broader cross-national European media frame.

Theoretical grounds of media analysis

The Frankfurt School argues that a government may use media to justify domestic and foreign policy (Kellner, 1995: 29). The majority of the population, weather politically active or not does not have open access to information about what happens in the outside world. The general audience could be compared to the people in Plato's cave, who can only see the wall in front of them and the shadows of the objects which are passing in front of the fire behind and above of them. These shadows and the meaning which they are given are the only knowledge about the world they have. The prisoners are enlightened by the philosopher,

10 Media frame is a term used in media studies. Media frame promotes a particular interpretation of events.

whose aim is to open their eyes to the real meaning of these shadows. Using this allegory to explain the process of transition of the information from mass media to the audience, it is possible to argue that "news as security is a social construction" (Vultee, 2011: 82). The media in this allegory may play the role of puppeteer who creates shadows on the wall (Newman, 1989: 85), some kind of buffer between people and the real world. The presentation of these real life events "are not necessarily fabrications, but representations that are in greater or lesser degree made by man himself" (Vultee, 2011: 82). The use of media analysis is compatible with critical social research. The securitisation theory used in this dissertation acknowledges the importance of language for security construction (Balzacq, 2002; Balzacq, 2010, McDonald, 2008, Buzan *et al.* 1998). The mass media uses language to present and explain events to its target audiences that is why the analysis of the media frames created by the newspapers can help to analyze how energy security is negotiated to the audience. Balzacq (2010) writes the following:

> "In the context of securitisation, the aim of interactions, as constituted or mediated by language, is to convince or persuade an audience to see the world in a specific way"

In his earlier work Balzacq also writes about the symbolic component of the security negotiation process. He writes that symbolic practices (use of metaphors, stereotypes, images, emotions) could be used to create the desirable image (by the securitising actor) (Balzacq, 2002: 491). In some sense he builds on Bourdieu's idea of symbolic power, which is also connected to the ability to shape one's perception of self and of the other (Bourdieu, 1991: 181). The literature on media studies explains how these symbolic techniques could be applied by the modern media. Neumann provides a list of some of them: agenda-setting, salience cuing, priming effects, issue framing, mainstreaming, and ideological cultivation (Neuman, *et al.* 1992: 9). Agenda–setting evaluates the connection between the most presented issues in media and the perception of importance of these issues as compared to others by the audience (Neuman, *et al.* 1992: 10). Another approach, ideological cultivation, argues that the more people watch television the more stereotypical their opinion is about the outside world (Neuman, *et al.* 1992: 9). Media dependency hypothesis talks about the reliance of the population on media to get news about public policy, because they have no other source of information (Neuman, *et al.* 1992: 11). For the purpose of this research, the

media dependency theory is the most relevant: the majority of the population can only make sense of EU-Russia energy relations from mass media. For these reasons, this dissertation uses media analysis to illustrate how symbolic practices are used to shape the public's understanding of energy security. In other words, the media frames created by Russian and British newspapers are used as an example of the speech act. Before moving to the analysis itself, it is important to explain why the comparison of the media frame with the speech act is valid. The Copenhagen School defines securitisation as a speech act: a securitising actor presents an issue as a threat which requires certain measures to defend the security (Buzan *et al.* 1998: 40). The problematic issue is to define 'the speaker', Buzan, Weaver and de Wilde suggest that 'the speaker' might be represented by the authoritative collectivities (including the state, pressure groups) (Buzan *et al.,* 1998: 41). The media could be considered to be a 'voice' of these collectivities.

For example, the Russian media is (historically) closely connected with the state. Smaele points out that for a long time the media in Russia was dominated by Marxist ideology and fulfilled a special role in forming public opinion (Smaele, 1999: 175). For seventy years journalists were concerned not with providing independent outlook on domestic and foreign policy, but guarding and promoting the official position of the government. After the collapse of the Soviet Union, the Russian Federation formally adopted Western principles with regards to the press, including freedom of speech, expression, and the independence of the mass media. However, it is difficult to call Russian media completely independent. It was the early 1990s when the state began sponsoring the mass media. These governmental subsidies helped many influential newspapers to cope with financial difficulties. On the biggest part of Russian territory the advertising market was not yet developed enough to provide sufficient income to support the press, "which made the media even more dependent on local or regional political bosses, who rewarded political loyalty with financial support" (Belin, 2002: 141).

The European media system is different from the Russian one. For example, the mass media is a well-established industry in the UK, and "journalism is strongly professionalized in the sense that journalists have their own set of criteria for the selection and presentation of news" (Hallin, *et al.* 2004: 222). Traditionally the major newspapers have an affiliation with one of the political parties, but this became weaker after the Second World War (Hallin, *et al.*

2004: 210). Nevertheless, the major newspapers still have certain political orientation. According to Hallin *et al.* the majority of the readers of *the Daily Telegraph* and *Times* support the conservatives, as compared to *the Guardian* and *the Independent* whose target audience is more politically diverse (Hallin, *et al.* 2004: 212). Despite the differences in the mass media of Russia and the UK, media analysis is important, because the media plays a key role in forming the public opinion and informing the public about the major issues in domestic and foreign politics (Wright, 2000: 161). It is important to emphasize here, that this thesis doesn't aim to compare Russian and European/British media system, but the media frames created by media sources in Russia and the EU to examine the differences in presenting the information to Russian and European audiences.

The analysis of the printed press is useful to provide an understanding of what kind of message is transferred to the general audience by people in power and near them. According to the data of Russian Public Opinion Research Centre, 36 per cent of the Russian population read newspapers daily, 43 per cent regularly, and only 21 per cent do not read newspapers at all (WCIROM, Press-release No 1248). Even considering the rapid development of the technology and wide-spread use of online media, 55 per cent of Russian people believe that online resources cannot compete with the printed press (WCIROM, Press-release No 1407). It is also important to note that a public opinion survey demonstrated that 53 per cent of the population in Russia tends to believe the information provided by mass media (WCIROM, Press-release No 1673) and only 8 per cent believe that the government is censoring this information (WCIROM, 2010). To sum this up, the majorities of Russians read newspapers regularly and tend to believe in the accuracy of the presented information.

A similar public opinion survey conducted in Britain by UK Public Opinion Monitor, demonstrated that around 50 per cent of respondents read daily newspapers regularly, and 35 per cent read local newspapers on a regular basis (at least 3 times a week). Around 88 per cent of British people use media to understand what is happening in the world (UK Public Opinion Monitor, 2011). However, the level of trust towards the reliability of the information presented in newspapers is lower in the UK when compared to Russia. The survey conducted by the Public Broadcasting Service in November 2011 demonstrates that only 38 per cent of British populations trust the information presented in the newspapers (Thompson, 2011). The same survey indicates that the recent phone-hacking scandal has reduced the level of

trust in the press (Thompson, 2011). To conclude, the assumption can be made that the content analysis of Russian and British newspapers will help to compare the message received by general public about EU-Russia energy relations in both Russia and the UK.

Methodology of Media Analysis

Because the media analysis is not the key method of this research project and due to the word limit, the decision was made to focus on the analysis of printed press only for Russian and British media, supported by the analysis of the European online media sources. The aim here is therefore not to undertake an exhaustive study of media images, but to make sufficient analysis to support the specific claims which are made about securitisation and media discourse in public space (such as the use of media as a securitisation tool). Methodologically, media analysis can be approached by using both quantitative and qualitative analysis. The purpose of quantitative analysis is to collect the countable data, which can be analyzed statistically. The qualitative approach, on the contrary, focuses on the narrative aspects of a text (Altheida, 1996: 23–36). Both approaches have strengths and weaknesses. For instance, the advocates of quantitative media analysis have been criticized for "restricting content analysis to numerical counting exercises" (Krippendorf, 2004: 87). At the same time the proponents of the qualitative research of mass media have been criticized for "being too impressionistic" (Krippendorf, 2004: 87). To maximize the accuracy of the investigation, the analysis of selected Russian and British newspapers would be conducted by using both qualitative and quantitative research methods. The chapter uses only qualitative analysis of European media, because of a slightly different aim for this part of analysis.

Quantitative analysis allows for determining if the coverage of energy security issues intensified in January 2009, and therefore if the specific context contributed to the increased securitisation. This could be achieved by comparing the number of articles and their position within the newspaper (how many are printed on the front page) devoted to energy trade with Ukraine in December 2008 and January 2009. Moreover, quantitative analysis will help to evaluate if energy security is covered by the press regularly, or only in response to breaking news. This could be achieved by comparing how many articles are printed on energy security in general, and EU-Russia relations in particular, were printed in December 2008 and how this changed in January 2009. In this case the increased number of articles on

EU-Russia energy relations could be considered to be an evidence of increased securitisation process – the actors are negotiating an issue to the audience in a specific way. Qualitative analysis will help to analyze the message passed to the audience through these media sources. It is important to note the compatibility of quantitative analysis with the post-positivist methodology applied in this research. McGuirk and O'Neill argue that quantitative methods can be used in post-positivist research, if the results of quantitative analysis demonstrate the influence of the social, cultural, and political context on the subject of the study (McGuirk et al. 2012: 12). In the case of the media analyses presented in this chapter, the quantitative data (the number of articles on energy security) allows to evaluate the correlation in coverage of energy related issues by newspapers with different political orientation. For example, *Rossiiskaya Gazeta* is considered to be a voice of the state, and the monitoring of the changes in coverage of EU-Russia relations (before and after the January energy conflict), in combination with the analysis of the media frame created by *Rossiiskaya Gazeta*, could help to evaluate if the state uses the press to shape the public opinion on Russian energy policy.

Russian newspapers:

1. *Rossiiskaya Gazeta* (*Russian Newspaper*) is a daily Russian government newspaper, established in 1990. Legislative acts come into effect after publication in the newspaper. The content includes the news, interviews with government officials and expert commentaries on official documents. According to the website, *Rossiiskaya gazeta* is orientated towards the general audience. Circulation is 179,550 (web-site of *Rossiiskaya Gazeta*).

2. *Nezavisimaya Gazeta* (*The Independent Newspaper*) is a daily newspaper, appeared in 1990. The newspaper positions itself as an edition publishing independent points of view on political, economic and social life in Russia and abroad. The perspective presented in the newspaper is often in opposition with the official line. In the late 1990s it was part of the media group of Boris Berezovsky (Zassoursky, 2004: 37). The circulation is 56,094 (web-site of *Nezavisimaya Gazeta*).

3. *Kommersant* is a daily newspaper established in 1990. The content includes financial and business news, world politics, and the coverage of cultural and sport events in

Russia and abroad. The circulation is 125,000 to 130,000 copies (web-site of *Kommersant* newspaper).

4. *Komsomolskaya Pravda* is one of the oldest daily newspapers in Russia. The first issue was published in 1925. The content includes everything from political and economic news to interviews and stories about celebrities. The target audience is the general public. The circulation of daily newspaper is 0.7 million copies. The newspaper has been criticized for publishing tabloid kind of content and for the lack of criticism of the existing government. However, the newspaper is very popular among Russian population (web-site of *Komsomolskaya Pravda*).

British newspapers:

1. *The Daily Telegraph* – daily newspaper with circulation of 580,000 copies in April 2012. The newspaper is owned by Hollinger. In terms of political affiliation, the Daily Telegraph is associated with Conservative party (britishpapers.co.uk (1)).

2. *The Guardian* – daily newspaper with circulation of 302,636 copies. The newspaper is owned by Guardian Media Group. Traditionally the Guardian is associated with pro-Labour views (britishpapers.co.uk (2)).

3. *The Independent* – daily newspaper with circulation of 176,785 copies (data of 2008). The newspaper is owned by Independent Group. Officially the Independent is not associated with any political party and stays in the centre of political spectrum.

4. *The Observer* – Sunday newspaper with circulation of 386,140 copies (data of 2008). The owned is Guardian Media Group and consequently, has similar political affiliations with the Guardian.

Table 2 European newspapers

Country	**Media name**	**Brief overview**
Austria	*Austria Today*	Daily online newspaper aimed at covering Austrian news for International community

Bulgaria	*Bulgaria Gazette*	Bulgaria`s online English-language newspaper covering Bulgaria business, politics, society, lifestyle, sports and tourism news.
The Czech Republic	*The Prague Post*	Weekly publication featuring current affairs, business, sports, and financial news, plus cultural reviews and opinion.
France	*Le Monde Diplomatique*	LMD in English is a concise version of the Paris-based parent edition, publishing all the major stories each month, expertly translated
Germany	*The Deutsche Welle*	Online broadcaster aimed at representing Germany in international media landscape
Hungary	*Budapest Business Journal*	Hungary's largest and oldest source of business and financial news about Hungary in English.
Slovakia	*The Slovak Spectator*	Slovakia's only English-language newspaper. It is published weekly and covers local news, culture and business.
Poland	*Gazeta Wyborcza*	Presents some of the translated articles published by daily Gazeta Wyborcza, which has been established by the journalists from former democratic opposition in 1989

The media analysis is divided sub-sections. First one is devoted to the quantitative media analysis, and aims to monitor the changes in coverage of the issues related to energy security before and after the energy conflict between Russia and Ukraine. The second part, is devoted to the qualitative media analysis, and analyses the media frame created in both British and

Russian media in regards to Russia-Ukraine energy crisis, the analysis of British media is supported by the qualitative analysis of the media frame created by the European media.

Quantitative analysis of Russian media

This section aims to determine if the number of articles devoted to energy issues in general and transit problems with Ukraine in particular have increased after the energy supplies interruption at the beginning of January 2009. The following aspects have been measured: the total number of issues published by a newspaper in December and January, how many issues were devoted to energy related topics each month, how many articles were about the gas row with Ukraine and how many energy related articles have been printed on the front page. These indicators allow us to calculate the percentage of issues which included information about energy trade each month and how it changed before and after the crisis.

Table 3 Kommersant

Month, Year	**December 2008**	**January 2009**
Total NN of issues published this month	24	17
Total NN of issues, which included articles on energy related issues	13	12
Total NN of articles about energy related issues published this month	23	26
Total NN of articles about gas row with Ukraine	2	17
Total NN of articles about energy published on the front page this month	6	11

In December 2008 more than half of the issues (54 per cent) published included articles about energy trade or energy policy development. In total 23 articles were devoted to energy related issues and only 2 (8 per cent) of them were about gas crisis. Only 6 (26 per cent) were

front page articles. In January 2009, 70 per cent of the issues included information on energy. 17 articles (65 per cent) were devoted to the gas row with Ukraine with 11 (42 per cent) of them been the front page article.

Table 4 Nezavisimaya Gazeta (Independent Newspaper)

Month, Year	**December 2008**	**January 2009**
Total NN of issues published this month	21	15
Total NN of issues, which included articles on energy related issues	5	15
Total NN of articles about energy related issues published this month	15	65
Total NN of articles about gas row with Ukraine	3	41
Total NN of articles about energy published on the front page this month	1	13

In December 2008 only in 23 per cent of the issues could find articles on energy related problems. Overall, 15 articles were published in December on energy related issues, 11 of them constituted a special section on energy. Only 3 (20 per cent) articles were about energy conflict with Ukraine. Only one article (6 per cent) was published on the front page. In January 2009 we can see a significant increase in coverage of energy related issues. Overall, 15 issues of the newspaper were in print in January 2009 and each of them (100 per cent) included some articles on energy trade or energy security. Throughout the month 65 articles were released on energy related issues, including one special section (15 articles). 41 articles (61 per cent) were about the gas row with Ukraine and 13 of them (20 per cent) were printed on the front page.

Table 5 Komsomolskaya Pravda

Month, Year	**December 2008**	**January 2009**
Total NN of issues published this month	27	26
Total NN of issues, which included articles on energy related issues	3	22
Total NN of articles about energy related issues published this month	3	50
Total NN of articles about gas row with Ukraine	1	50
Total NN of articles about energy published on the front page this month	0	17

Out of 27 issues of *Komsomolskaya Pravda* printed in December 2008 only 3 (11 per cent) included the articles on energy related issues and only one of them (33 per cent) was about transit price disagreement with Ukraine. None of the energy related articles were published on the front page. At the same time in January, 22 (84 per cent) issues out of 26 covered the news in the energy sector. Overall, 50 articles were about energy trade in January and all 50 (100 per cent) of them were devoted to transit row with Ukraine. 17 (34 per cent) articles were published on the front page.

Table 6 Rossiiskaya Gazeta (Russian Newspaper)

Month, Year	**December 2008**	**January 2009**
Total NN of issues published this month	23	15
Total NN of issues, which included articles on energy related issues	15	13
Total NN of articles about energy related	22	37

issues published this month		
Total NN of articles about gas row with Ukraine	4	28
Total NN of articles about energy published on the front page this month	5	8

In December 2008 65 per cent of the issues had some articles on energy related subjects. In total 22 articles covered news in energy sphere with 5 (22 per cent) of them been a front page story. However, only 4 (18 per cent) articles were about the tension in energy relations with Ukraine. After the gas row with Ukraine the amount of articles devoted to energy crises increased significantly. In January 2009, 13 (86 per cent) issues out of 15 followed the development of energy trade in general and the situation around Ukraine in particular. Overall 37 articles were devoted to the fossil fuel industry and 28 (75 per cent) followed the transit row with Ukraine. However, the number of articles published on the front page did not increase dramatically – only 8 (21 per cent) energy related articles were printed on the first page.

Result of the quantitative analysis of Russian press:

The above analysis proved that Russian printed media indeed paid a lot of attention to the news coverage in the energy sphere. All four of the selected newspapers printed articles on energy related topics in the majority of January issues in 2009: from 70 per cent (*Kommersant*) of issues to 100 per cent of issues (*Nezavisimaya Gazeta*). Moreover, the majority of energy related articles were devoted to the gas crisis: from 61 per cent (*Nezavisimaya Gazeta*) to 100 per cent (*Komsomolskaya Pravda*). If in January all four newspapers focused a lot on the transit row in particular and the energy sector in general, the amount of information on energy published in December vary from one to another. The lowest percentage of energy related topics were in *Nezavisimaya Gazeta* (only 15 articles with 11 of them being part of a monthly supplement) and *Komsomolskaya Pravda* (only 3 articles). *Kommersant* and *Rossiiskaya Gazeta* both included energy related articles into more than half of their issues in December: 54 and 65 per cent respectively. At the same time both

of these newspapers provided a significant number of publications on issues not related to transit tensions between Moscow and Kiev in January 2009: 35 (*Kommersant*) and 25 (*Rossiiskaya Gazeta*) per cent.

For the analysis of media as tools of public opinion construction, the examples of two newspapers are especially interesting: *Rossiiskaya Gazeta* and *Komsomolskaya Pravda*. The former one is "the voice of official government" and a large amount of articles on energy related issues in both December 2008 and January 2009 demonstrates the high interest of the Russian government in the development of the energy sector in Russia. At the same time *Komsomolskaya Pravda* is the most popular newspaper among the general public as compared to the other three newspapers. *Komsomolskaya Pravda* is also famous for its pro-government orientation (with low level of governmental criticism). In this case a large number of articles on the transit row in January may indicate on attempt to justify Russian policy to the general population. Content analysis of sample articles provided below may help to see how the information is framed by the policy makers and mass media to shape public opinion.

Quantitative analysis of British media:

This section, similarly to the quantitative analysis of Russian printed media, intends to determine the number of articles related to energy trade in general and on gas conflict with Ukraine in particular.

Table 7 The Daily Telegraph (London)

Month, Year	**December 2008**	**January 2009**
Total NN of issues published this month	27	27
Total NN of issues, which included articles on energy related issues	26	25
Total NN of articles about energy related issues published this month	76	115
Total NN of articles about gas row with	5	30

Ukraine		
Total NN of articles about energy published on the front page this month	1	3

In December 2008, 96 per cent of issues included articles about energy related issues. Out of 76 energy related articles only 5 (6.5 per cent) were about the gas crisis. Only one out of these five articles was published on the front page. In January 2009, around 93 per cent of the Daily Telegraph issues included articles about energy (115 in total). 26 per cent of these articles were about energy conflict between Russia and Ukraine, 10 per cent of these articles (3 out of 30) were published on the front page.

Table 8 the Independent (London)

Month, Year	**December 2008**	**January 2009**
Total NN of issues published this month	27	27
Total NN of issues, which included articles on energy related issues	25	26
Total NN of articles about energy related issues published this month	98	89
Total NN of articles about gas row with Ukraine	4	23
Total NN of articles about energy published on the front page this month	0	0

The Independent also mentions energy related topics in the majority of the issues published both in December 2008 (93 per cent) and January 2009 (96 per cent). In December just 4 out of 98 articles (4 per cent) were about tensions between Russia and Ukraine. In January 2009, the coverage of Russo-Ukrainian crisis and its consequences on the EU has been more significant (25 per cent). However, none of these stories was published on the front page.

Table 9 the Guardian

Month, Year	December 2008	January 2009
Total NN of issues published this month	27	27
Total NN of issues, which included articles on energy related issues	21	22
Total NN of articles about energy related issues published this month	99	90
Total NN of articles about gas row with Ukraine	6	23
Total NN of articles about energy published on the front page this month	0	1

Around 28 per cent of *the Guardian's* issues published in December 2008 included information about energy policy or energy markets, with 6 articles out of 99 (6 per cent) devoted to the escalation of Russo-Ukrainian crisis. In January 2009, 81 per cent of issue included articles on energy related subjects. 23 articles (25 per cent) were about the development of the energy crisis, and only one article was published on the front page.

Table 10 the Observer

Month, Year	December 2008	January 2009
Total NN of issues published this month	4	4
Total NN of issues, which included articles on energy related issues	4	4
Total NN of articles about energy related issues published this month	14	24
Total NN of articles about gas row with Ukraine	0	2

Total NN of articles about energy published on the front page this month	0	0

One hundred per cent of *the Observer*'s issues published in both December 2008 and January 2009 contained the information about energy related subjects. In December none of the 14 articles was about Russo-Ukrainian gas price dispute. In January only 2 out of 24 articles about energy trade were about the gas crisis.

Result of quantitative analysis of British media:

All four newspapers cover a variety of issues related to the oil and gas industry and trade, as well as energy policy development when compared to the Russian newspapers the number of articles on energy related issues did not change significantly in January 2009 as compared to December 2008. However, as in the case with Russian media the attention to Russian energy policy increased in January 2009 with the development of the energy conflict between Russia and Ukraine. *The Daily Telegraph, The Guardian* and *the Independent* printed approximately the same amount of articles on the gas dispute between Kiev and Moscow: from 25 to 26 per cent out of total number of articles on energy related issues. *The Observer* had the lowest number of articles on the gas conflict (just 2 articles).

Vultee defines media frames as the lens through which the public sees security related issues (Vultee, 2009: 33). In securitisation theory media is one of the tools used by the securitising actors to negotiate an issue to the audience (Balzacq, 2010). The media analysis allows to answer two important questions for an understanding of the securitisation process: which issues are covered more as compared to others, and which linguistic mechanisms are used to convince the audience in the importance of the extraordinary measures (Vultee, 2009: 34) The quantitative analysis is devoted to the first question, evaluating how the coverage of energy related issues changed after the transit conflict in Russia and the UK. As was demonstrated above, in Russian newspapers published in January 2009 from 61 to 100 per cent of articles on energy related topics were about the transit crisis. Moreover, the amount of articles on the gas dispute published on the front page is different as well. In British newspapers selected for this analysis only five articles (on Russo-Ukrainian dispute) all together were published on the front page as compared to 61 front page stories in case of the Russian newspapers. The quantitative analysis demonstrated that

the securitisation process is more prominent in Russian newspapers as compared to British ones. However, it is still important to analyze the media frames created in Russia and the UK, and how the printed media present the transit conflict to the audience.

Qualitative analysis of printed media in December 2008–January 2009

The process of information exchange between journalists and the audience goes through the so-called media frames. Vultee defines media frame as "as an element of media discourse that provides a central organizing idea for making sense of events" (Vultee, 2011: 79). To put it simply, it answers the set of questions: what happened, whose fault is it and what should be done to solve the problem. The frame would usually include the range of the positions (Gamson, *et al.* 1989: 3). In this sense the process of securitisation is placing the particular issue into the specific frame, which would not only attract the attention of the audience to it, but also provide the interpretation of this event (Vultee, 2011: 79). It is also important to remember that mass media does not exist in isolation from society. Journalists and editors share the same cultural context with the audience and "frames organize the world in a way that makes sense to the people who produce the news as well as those who read it" (Vultee, 2011: 83).

Research Questions:

1. Who is presented as responsible for the transit row?
2. How Russian actions are described (effective, non–effective)?
3. How would it influence the further development of EU-Russia energy dialogue?

Qualitative analysis of Russian newspapers11:

Kommersant

December 2008

In December 2008 Kommersant published just two articles about potential rows with Ukraine

11 Four articles are selected from each of the eight newspapers: two from December 2008 and two from January 2009 (one from the beginning and the end of each month). The media analysis is limited to four articles per a newspaper due to the word limit.

over gas prices. Both are written by Natalya Grib and Oleg Gavrish, correspondents covering energy policy issues:

1. Grib, N., Gavrish, O. (2008), Ukraine left Gazprom with a debt: the country can survive a winter without Russian gas, *Kommersant*, Issue N 222, p. 9

2. Grib, N., Gavrish, O. (2008), New Old Year: Gazprom wages a war on Ukraine again, *Kommersant*, Issue N 232, p. 1

Both articles talk about the difficult situation around Ukrainian debt to Gazprom at the end of 2008. By the end of December Ukrainian Energy Company Naftogas owed two billion US dollars to Gazprom for gas supplies. Both articles emphasize that Ukraine simply did not have money to pay off the debt, at the same time by the end of the year 2008 Ukraine had enough gas in its underground gas storage for three months. The first article published in the beginning of December (5th of December) predicted that the negotiations would not lead to any positive outcome, because the Ukrainian side was just trying to postpone the obvious escalation of the conflict. The second article, published two weeks later (19th of December) re-evaluated the situation according to possible gas price fluctuations in 2009. If in the beginning of December Gazprom could argue about raising prices up to US$ 400 in case if Naftogas had not paid its debt, but in the end of December it became obvious that the price could go up to a maximum of US$ 230. The authors argued that in this case the only reason for the escalation of the conflict by the Russian side was political: at that time Ukraine raised the issue of joining NATO and Russia did not like it, according to Grib and Gavrish.

January 2009

Articles for analysis:

1. Sjsoev, G. (2009), Europe used a gas mask: Energy shortfalls united Europe, *Kommersant*, Issue N 1, p. 2,

2. Grib, N., Gavrish, O. (2009), Long Gas-goodbye: Russia is inviting Europe to join negotiations with Ukraine, *Kommersant*, Issue N 5, p. 1-2,

Both articles developed the topic of political roots of energy crises. For instance, Grib and Gavrish wrote about the Brussels' accusations of Russia using oil and gas as a political tool.

Both articles mentioned that the critical position towards Russia could be influenced by the new EU member states. Gennadij Sjsoev wrote that Poland took the Ukrainian side and considered Gazprom to be responsible for energy shortfalls. Grib and Garvish argued that among other reasons for the especially critical position of the EU towards the transit conflict between Russia and Ukraine was the fact that the energy row coincided with the change of presidency in the EU. From January 2009 the Czech Republic took the presidency and influenced the development of the tough response of the EU on the Ukrainian–Russian transit disagreement. Both articles concluded that this conflict resulted in negative consequences for all: EU member states, Russia and Ukraine. Grib and Garvish suggested that the danger of future supply interruptions by Russia and/or Ukraine would facilitate the development of a Common EU Foreign Policy, which would limit Russian ability to promote its interests in energy trade at the bilateral level.

Nezavisimaya Gazeta

December 2008

1. Ivzhenko, T. (2008), Timoshenko burns bridges: New Political Scandal in Ukraine involves gas interests, *Nezavisimaya Gazeta*, Issue N 278, p. 5

2. Ivzhenko, T. (2008), Cheap politics of expensive gas: Viktor Yushchenko insists on his conditions of Russian gas supplies to Ukraine, *Nezavisimaya Gazeta*, Issue N 280, p. 7

In both pieces the author writes about the role of gas supplies negotiations with Russia in Ukrainian political speculation at the end of December 2008. Both articles discuss the disagreement over the gas price between Russia and Ukraine for 2009 and the position of the former Ukrainian president towards them. According to data provided by Tatiana Ivzhenko, Yushchenko argued that he would manage to convince Russia to reduce the price for Ukraine to US$ 100 per one thousand cubic meters. The first article talks about the accusations which Yulia Timoshenko has thrown at the former president of Ukraine with regards to his special relations with Dmitry Firtash, co-owner of RosUkrEnergo,[12] and acting in their mutual interests to make money on questionable financial operations. At the same time both articles concluded that the intention of Viktor Yushchenko to be involved

12RosUkrEnergo is a intermediate company dealing with energy trade between Russia and Ukraine

personally in negotiations on price level would sabotage the provisional compromise with agreed price of US$ 230 per one thousand cubic meters. The overall conclusion of both articles is that internal political competition in Ukraine may influence badly energy security for both Russia as energy producer and Europe as energy consumer.

January 2009

Articles for analysis:

1. Ivzhenko, T. (2009), Senseless gas war: Upcoming agreements between Gazprom and Naftogas may lead to new conflicts, *Nezavisimaya Gazeta*, Issue N 001, p. 1

This article gives a broad description of the consequences of energy crises for all sides involved, including Ukraine, Russia and the EU. This article concludes that the EU won in the Russo-Ukrainian gas conflict. It was the first energy related disagreement in which the EU got involved that much and (according to Tatiana Ivzhenko) it is likely that the EU would try to expand its control over energy transit issues via Ukraine, possibly by provoking new conflict between Moscow and Kiev. The article underlines that Russia warned Brussels about potential supply interruptions due to unauthorized Ukrainian actions in December 2008. In conclusion the article puts responsibility for the crisis on Ukrainian internal political conflict.

2. Ivzhenko, T. (2009), One way ticket to Ukrainian president: gas problems heated public opinion to the boiling point, *Nezavisimaya Gazeta*, Issue N010, p. 7

The second article emphasizes mainly internal political tension within Ukraine, which gets only worse due to the transit conflict with Russia and its potential consequences. According to the article there were a number of protests in Ukraine to express the negative attitude of a population towards potential tax raise and increase in energy price for a population to pay for expensive energy supplies from Russia.

Rossiiskaya Gazeta (Russian Newspaper)

December 2008

Articles for analysis:

3. Zjkov, S. (19.12.2008), Inextinguishable debt: Gas supplies to Ukraine may be stopped, *Rossiiskaya Gazeta*, Issue N 4817,

The article briefly summarizes the problem of Ukrainian debt and concludes that 2 billion US dollars are not going to be paid to Gazprom; Russia would stop supplies to Ukraine. The article also explains that according to current legislation there are different contracts on gas supplies and gas transit and even if the gas supplies to Ukrainian needs stop, Naftogas still needs to carry on transit to the EU as normal. However, Russia plans to inform European consumers about possible supply interruptions by Ukraine.

4. Sadovnikov, N. (29.12.2008), Gas-reboot: Gazprom hopes to reach an agreement about Ukrainian gas in this year, *Rossiiskaya Gazeta*, Issue N 4822,

This article talks about the attempts of finding compromise in negotiations about the debt, including the possibility of advance payment for transit to Ukraine. The article also talks about the price fluctuations for 2009. For Ukraine the price was expected to rise above US$ 200 per one thousand cubic meters, but for some other Russian consumers the gas price was reduced as compared to earlier estimations. These countries included Belarus, Moldova and some Baltic States. The reason for lowering the price is connected to the reduced world market price. However, even considering the changes in world price level the proposed price (by Ukraine) of US$ 100 per one thousand cubic meters was unrealistic.

January 2009

Articles for analysis:

1. Zjkov, S. (12.01.2009), Abduction of Europe: Ukraine left Europeans without Russian gas during winter holidays, *Rossiiskaya Gazeta*, Issue N. 4825,

The article gives a brief overview of the development of gas crisis day by day starting from the 1st of January 2009. This summary aimed to demonstrate the unlawful actions of Ukraine which resulted in supply interruptions in some of the European states. At the same time the article focuses on the Russian conditions of transit resumption. To do this Ukraine needs to confirm its agreement to let international observers to monitor the transit situation on the

Ukrainian territory.

2. Yurgens, I. (23.01.2009), Inhale gas, Exhale oil, *Rossiiskaya Gazeta*, Issue N. 4834,

This article, written by Igor Yurgens the chairmen of board of Institute of Modern Development, analyzed the consequences of the gas row at different levels, including the international and political levels. He began by saying that Russia won the transit row and proved the actions of Ukraine to be illegal. However, the long-term consequences may be negative: including the possible growing control from European states over Ukraine, which may begin by gas transit regulations and develop further into the possible membership of NATO and the EU. He also emphasized the importance of development of international agreement which may regulate the energy trade instead of the ECT, which was violated by Ukraine. At the same time he warned that some of the external powers may use this situation to try to conserve oil prices at the level of US$ 30–35 per barrel, which would mean financial loss for Russia. As a result this may lead to worsening consequences of financial crisis in Russia and level of societal satisfaction with government.

Komsomolskaya Pravda

December 2008

Only one article was devoted to Ukraine debt to Russia in December:

1. Kaftan, L. (30.12.2008), Ukraine steals Russian money by not paying for gas" by Larisa Kaftan, *Komsomolskaya Pravda*

This article is written in very emotional and simple language, using some slang phrases. The author uses a personal story – talks about her elderly mother, who is living in Ukraine and afraid not to have heating in her flat due to gas supply interruptions from Russia. The article goes on to explain that Ukrainian political leaders jeopardize Russo–Ukrainian relations and present it to the public as a Russian threat to Ukrainian security. The author describes the negative consequences of Ukrainian debt on the Russian economy: this money could be used to invest in the Russian economy and increase Russian GDP. At the same time, Kiev benefits from this situation by decreasing production cost and selling its goods successfully on the Russian market. The article goes on by suggesting that Kiev may steal Russian gas devoted to

European customers. The author concludes that the Ukrainian government focused only on internal political argument creates security threats not only Russian economic and energy security, but also for energy security of the EU and the human security of its own citizens.

January 2009

1. Grachev, I. (07.01.2009), 'Gas war' between Moscow and Kiev is the last defeat of George Bush: Timoshenko had to agree to allow international monitoring of pipeline, *Komsomolskaya Pravda*,

The author begins by announcing the total halt of transit through Ukrainian territory due to the fact that Kiev blocks the gas on its territory. The article states that Ukraine is responsible for energy supply interruptions to the EU and emphasizes that the Russian side is prepared any minute to resume the negotiations on new contract with Naftogas. The author also express optimism about the decision to let international observers monitor the volumes of transit on both Russian and Ukrainian territory. He reminds that for a long time Yulia Timoshenko resisted this decision which proves that it is Ukraine that has something to hide. The article concludes that the transit row was initiated by America, but the author did not explain in which way.

2. Viktorova, L. (22.09.2009), Yushchenko suspects Timoshenko in betrayal: gas agreements would be analyzed by General Prosecution Office and National Security Service, *Komsomolskaya Pravda*,

This articles talks about internal political competition between the president of Ukraine Yushchenko and Prime Minister Timoshenko. The author implies that the former president of Ukraine feared the political competition from potentially more successful candidate at future presidential elections, because Yulia Timoshenko managed to find a compromise in the price disagreement with the former Russian Prime Minister Putin. Timoshenko was accused in providing Russian energy companies with beneficial conditions and potential opportunity to overtake the Ukrainian gas transportation network, and in political conspiracy with Moscow against president Yushchenko.

Answers to research questions:

Who is responsible for the gas row?

All four newspapers directly or indirectly blamed the escalation of conflict on Ukraine. *Komsomolskaya Pravda* and *Nezavisimaya Gazeta* promoted the idea of negative influence of internal political argument within Ukrainian government. *Rossiiskaya Gazeta* and *Komsomolskaya Pravda* mentioned that the resistance of the Ukrainian side to allow international observers to monitor gas volumes in pipelines proves that Kiev had something to hide. Words and phrases such as "stealing" and "illegal actions" were used in the majority of articles, when authors talked about use of transit gas for Ukrainian needs. *Komsomolskaya Pravda* went as far as blaming the crisis on conspiracy between the Ukrainian government and the administration of former US president George Bush.

How Russian actions are described?

The majority of articles agree that Russian actions were legitimate. Most of the sample articles emphasized that Ukraine pays less for gas than Gazprom's customers in the EU. All selected articles mentioned that Russia did its best to inform Brussels about potential supply interruptions. Moreover, *Komsomolskaya Pravda* emphasized that Gazprom was ready to resume negotiations on a new contract at any time and Ukraine was slowing the process down. Only *Kommersant* briefly mentions that the reason for Russian intention to increase price to Ukraine up to European level is Ukrainian aspiration to join NATO.

How it would influence further development of EU-Russia energy dialogue?

The answer is mainly negative. *Rossiiskaya Gazeta, Kommersant* and *Rossiiskaya Gazeta* all mentioned that the gas row benefited the EU by providing a new level of control over transit through Ukrainian territory, which the EU would probably like to keep. Furthermore, the potential development of a Common European Energy Policy, which would complicate the promotion of Russian interests on the European market. *Kommersant* also mentioned that the support of the EU towards Kiev might be explained by the influence of new EU member states which traditionally have negative perspective towards Russia.

Media frame created by Russian printed press in December 2008 – January 2009

Qualitative analysis did not demonstrate a big difference between pro-governmental

newspapers and ones with a more neutral position: all of them shared the same perspective on the energy crisis. However, quantitative research demonstrated the difference between the so-called elite newspapers (*Nezavisimaya Gazeta* and *Kommersant*) and newspapers which are mainly orientated towards the general audience (*Komsomolskaya Pravda*). Even though all the selected newspapers reacted to the 2009 energy row by paying more attention to news in energy trade than before, it was *Komsomolskaya Pravda* which almost did not cover energy trade in December and published articles on the energy row in 84 per cent of its January issues. The other three newspapers did not demonstrate such a big gap between December 2008 and January 2009 in the percentage of issues with energy related articles. This may mean that the untypically high attention to energy sector in January in *Komsomolskaya Pravda* was aimed at shaping public opinion in a specific way.

As a result of qualitative media analysis the following frame of explanation of the transit row was created: Ukraine absorbed into internal political competition between former president Yushchenko and ex-prime minister Timoshenko first has sabotaged the negotiations on a new contract by demanding an unrealistic price. After failing to secure the price they wanted and loosing Russian energy supplies, Kiev began to steal gas devoted to European customers. Russian actions are explained as legitimate. Ukraine's irresponsible behaviour affected the development of the Russian economy: not only did Ukraine enjoy subsidized gas prices, but it was reluctant to pay even this small price. In this sense it is not only legitimate to cut off supplies which resulted in loss for the Russian economy. Moreover, the behaviour of the Ukrainian government led to negative consequences in the EU-Russian energy dialogue. As a result, the EU did get control over energy transit through Ukrainian territory and most likely would try to keep it. Moreover, the conflict facilitates the negotiations on a Common European Energy Policy, which would make it more difficult for Russia to achieve agreements with the EU member states on the bilateral level.

Qualitative Analysis of European media

The media-analysis of the European media is conducted in two stages. First cross-national analysis of European media sources has been conducted in order to construct the media frame created in the EU member states affected by Russian-Ukrainian gas dispute, the second stage presents more detailed media analysis of British newspapers in order to investigate how the gas dispute has been negotiated to the audience in a specific member

states.

Cross-national analysis of European media frame

Methodologically, this section of analysis is based on hermeneutic and inductive framing. Hermeneutic approach provides an interpretive account to media framing. This approach allows linking media analysis with broader cultural discourse (Matthes, J. *et al.* 2008: 259). Inductive approach could be defined as follows: "inductive approach involves analyzing a news story with an open view to attempt to reveal the array of possible frames, beginning with… loosely defined preconceptions of these frames" (Semetko, H. *et al.* 2006: 94). A responsibility frame is used as defined preconception of the media frame. The responsibility frame presents a certain actor as responsible for an issue analyzed. In case of the case study selected for this analysis the main question which actor is presented responsible for the gas dispute?

The media sources selected are major English-language sources in the EU member states affected by the Russian-Ukrainian crisis: Austria, Germany, Poland, the Czech Republic, Slovakia, Bulgaria, France, and Hungary. Two articles are selected from each of the news sources via LexisNexis search for the analysis. The media sources analysed present a variety of online sources (including quality, daily, monthly, and weekly news sources). The brief description of the newspapers used was presented above (p. 136).

Brief Summary of articles selected:

Austria Today:

1. Russia cuts gas supply completely, *Austria Today*, 07.01.2009

   Summary: This article describes an immediate impact of the gas dispute on Austria as well as potential measures to be taken to minimize negative consequences of the gas supply interruption. The article does not put direct blame on either Russia, or Ukraine, but talks about the necessity to support NABUCCO pipeline to resolve the European security supply problem.

2. No Austrian needs to freeze in gas crisis, prime minister says, *Austria Today*, 08.01.2009

Summary: The article summarises the attempts of Austrian Energy Company and Austrian government in resolving the negative consequences of Russian-Ukrainian gas dispute. Among other things the importance of supply diversification is emphasized. The article talks mainly about Russian responsibility for supply stoppage, Ukraine is presented as another country suffering from supply interruption.

Bulgaria Gazette:

1. The import of Russian gas will be decreased, 05.01.2009

Summary: The article talks about first consequences of the Ukraine-Russian gas conflict, as well as potential risks of interruption of Russian supply to Bulgaria.

2. The EU gives money for gas 'interconnection' with Greece and Romania, 08.01.2009

Summary: The article talks about the measures planned by the European Union to minimize the negative consequences of the supply interruption in future and to assist Russia and Ukraine in restoring natural gas shipments to Bulgaria and other countries of the European community.

The Prague Post

1. Hulpachová, M., Russia gas flow remains spotty: Czech-brokered agreement fails to renew deliveries to EU, 15.01.2009

Summary: This article presents Russia as the responsible side in the Ukraine-Russian gas crisis. An author makes the connection between the gas supply interruption to Ukraine and Russian attempts to prevent integration of Ukraine with the Western Europe. The article also makes connection between Russian energy policy and the Cold War rhetoric. Moreover, the article concludes that despite the vulnerability of the Central and Eastern European member states to Russian gas supply interruption, and the negative impact of the gas dispute on businesses and household, the EU will not change its relations with Russia.

2. Cunningham, B., Gas crisis fuels energy talks: Russian gas crisis sends Central Europe scrambling for future alternatives, 22.01.2009,

Summary: The article reflects on the weaknesses of the European energy security based on the implication of the Russian-Ukrainian gas conflict. An author emphasises the importance of supply diversification for the European Union both by constructing new pipelines and bringing new energy producers on the European market, and by increasing the share of nuclear power (in particular, in the Czech Republic itself). Both Russia and Ukraine are presented as unreliable suppliers of energy to the EU.

Le Monde Diplomatique

1. Kandiyoti, R., Russia, Ukraine and the complex politics of natural gas pipelines: an OPEC for gas?, 23.01.2009

Summary: The article makes assumptions about the political nature of the gas dispute, and expresses concern that Ukraine can potentially "disappear into Putin's new 'liberal empire'". The article goes on to emphasize the EU's growing dependence on external energy supplies in general, and Russian supplies in particular. An author claims that in future Russia may use the limited ways of gas transportation systems as a political tool and a way to raise natural gas price. The article also talks about the complications and problems faced by foreign companies wishing to invest to Russian energy industry, and about the tensions around Russian participation in the Energy Charter Treaty.

The Deutsche Welle

1. Russia warns deliveries to Europe could be hit, 27.12.2008

Summary: This article talks about an escalating tension between Russia and Ukraine about a new contract. The article also mentions that there is a possibility of supply interruption to Europe. In conclusion, the article is talking about 'Russian threats' to Ukraine, in case if Kiev fails to pay for Russian gas. An author indicated that Ukraine is not going to be able to pay this money and had to 'beg the International Monetary Fund' for financial support.

2. EU warns Rowing Gas Powers of Long Term Consequences, 07.01.2009,

Summary: The article summarizes the negative impacts of the Ukraine-Russian gas conflict on the European member states. The article also states the necessity of the supply diversification to

minimize the consequences of potential supply interruptions in future. The article also states that the gas dispute puts the reputations of both Russia and Ukraine in question.

Budapest Business Journal

1. EU premiers plead with Ukraine and Russia for gas, 15.01.2009,

Summary: The article provides an overview of the Ukraine-Russian gas dispute and its impact on the EU member states. The article also explains that the resolution of the conflict is delayed, because both Russia and Ukraine refuse to cooperate and blame each other for this dispute. The article connects Russian actions with Russian attempts to influence domestic politics in Ukraine.

2. Russia and Ukraine aim to sigh gas deal on Sunday, 19.01.2009,

Summary: The article summarises the progress in negotiations between Russia and Kiev on new contract and expresses hope that the gas supplies will resume soon.

The Slovak Spectator

1. Balogova, B., Russia turns off gas for Slovakia: the biggest fall in gas supplies, 07.01.2009,

Summary: The articles talks about the biggest drop in natural gas supplies, which affects both industrial consumers and the households. This article condemns the actions of Russia and Ukraine and claims that it may affect their reputation negatively.

2. Balogova, B., Lesna, L., Energy crisis looms as all gas imports cease, 12.01.2009,

Summary: The article outlines the impact of the gas dispute on Slovakia: the exhaustion of Slovakian reserves of natural gas in severe winter conditions. The article also emphases the importance of energy supply diversifications to minimize Slovakian vulnerability to repetitive supply interruptions by Russia.

Gazeta Wyborcza

1. Kublik, A. (07.01.2009), Putin's gas mace, *Gazeta Wyborcza*,

Summary: The article describes the development of the gas dispute between Russia and Ukraine. Indirectly Russia is presented as a responsible side in the gas dispute. Russian accusation that Ukraine is stealing Russian gas supplies to Europe is explained by the fact that Ukraine uses these supplies to keep pressure in the pipelines. The

supply interruptions to Ukraine and the Baltic states (in the past) are explained by Russian attempts to promote alternative gas pipelines Nord Stream and South Stream as opposed to EU-supported pipeline NABUCCO.

2. Wojciechowski, M. (14.01.2009), Europe has to be firm towards Russia, *Gazeta Wyborcza*,

   Summary: The article reflects on the difficulties in negotiations between Russia and Ukraine. The article explains the gas dispute by Russian 'big politics' and claims that the EU needs to play more active and firm role with Russia to prevent it from interfering with domestic politics of Ukraine, and to avoid a possibility of supply interruption in future.

Media frame created by European newspapers:

All European newspapers state that 2009 gas dispute affected the energy security of the European Union and demonstrated vulnerability of European states to external energy supplies. European press suggests that the EU needs to diversify energy supplies to reduce dependence on Russian energy resources and minimise the consequences of potential future supply interruptions. The articles argue that gas conflict damaged Russian reputation as a reliable energy supplier. The Ukrainian reputation is also mentioned, but despite of it gas dispute is often explained as Russian attempt to influence Ukrainian politics. Ukrainian actions are explained either by the financial difficulties or by the necessity to keep the pressure in the pipelines.

Qualitative analysis of British newspapers

The Daily Telegraph:

December 2008

1. Blomfield, A. (05.12.2008), Putin threatens to cut off the gas for Christmas, *The Daily Telegraph*, p. 20,

As the title suggests the article discusses the possibility of energy supply interruptions caused by Russia because of the inability of Ukraine to pay the increased price for natural gas. The article discusses both Ukrainian and Russian reputations as an energy producer and a transit state. Blomfield presents Russian energy policy as a foreign policy tool. The article suggests that the Kremlin uses energy supply interruptions as a weapon, which was used

against a number of the neighbouring states from Ukraine to the Czech Republic (Blomfield, 2008:20). Furthermore, the article also connects the potential energy crisis with Russian military power. Blomfield refers to the military conflict between Russia and Georgia in August 2008, and the possibility of the use of power by Russia against other former Soviet States.

2. White, G., Mason, R. (31.12.2008), Fears for UK gas as Gazprom-Ukraine row continues, *The Daily Telegraph*, p. 27,

The article describes the latest (at that moment) development of the negotiations between Russia and Ukraine over the natural gas price for 2009. The article also writes about the mixed statements made by Gazprom and Naftogas on whether Russia did or did not receive debt repayment of $1.5 billion. The article also talks about Russian energy subsidies to the CIS states, which gave the post-communist states an opportunity to buy hydrocarbons on discounted prices. Russia began to raise prices in the mid-2000s to a number of states, including Ukraine, Moldova and Armenia.

January 2009

3. Elder, M. (02.01.2009), Europe shivers as Russia shuts gas taps, *The Daily Telegraph*, p. 18

The article talks about Russian decision to cut energy supplies to Ukraine, which threatens the European energy security in a similar way to the 2006 energy crisis. The article also talks about the political element of the conflict, including the reference to Russian decision to raise prices to Ukraine due to the pro-Western shift in Ukraine. Elder claims that the EU is better prepared for potential supply interruptions as compared to the similar crisis of 2006. The article concludes by saying that both Russia and Ukraine are hit by the economic recession, which has affected the development of 2009 price dispute.

4. Waterfield, B. (20.01.2009), When will we get gas: EU asks, *The Daily Telegraph*, p. 16,

The article talks about the post-crisis negotiations between Russia and Ukraine and the place of the EU in these negotiations. Waterfield focuses on the schedule of the resumption of gas supply to Europe after the agreement was reached between Russia and Ukraine over the gas supplies for 2009. The article also puts the Russo-Ukrainian energy crisis into perspective of

the EU's energy supply diversification strategy and introduces the importance of bringing alternative supplies and construction of the new pipelines bypassing Russian territory.

The Guardian (London)

December 2008

1. Macalister, T., Gow, D. (23.12.2008), Britain warned of danger to gas supplies as Russia steps up dispute with Ukraine: Gazprom alert revives fears of energy 'cold war': Moscow seeks to create Opec-style cartel, *The Guardian*, p. 21,

The article focuses on two issues: potential energy supply interruptions due to the Russian-Ukrainian gas dispute and the Russian initiative to establish an OPEC-style cartel of gas producing states. According to the article, this raises the concerns over Russian ambitions to use energy sales as a political tool. The article says that the establishment of the OPEC-style gas cartel could raise the natural gas price, and therefore, threatens energy security of Britain and other consumers. Macalister *et al.* argue that Russian energy policy "triggers fears of an energy 'cold war'" (Macalister *et al.* 2008:21).

2. Macalister, T. (30.12.2008), Putin fails to break deadlock as gas row with Ukraine threatens wider market, *The Guardian*, p. 24,

The article summarizes the development of the negotiations on gas prices for Ukraine for 2009. Macalister tries to present the situation from different perspectives: Russian, Ukrainian, and the EU's. The article focuses on the negotiations between Gazprom and Naftogas on resolution of price dispute, and on Russian attempts to prevent the price dispute with Ukraine to affect its reputation as a reliable supplier to Europe. The article also mentions the internal political conflict in Ukraine between Timoshenko and Yushchenko and its impact on the gas relations with Russia.

January 2009

3. Leading Article: Russia and gas: heat and light, (02.01.2009), *The Guardian*, p. 32,

The article looks at the consequences of the Russo-Ukrainian gas dispute for both Kiev and Moscow. The article looks at the political dispute within Ukraine and the economic

difficulties of Gazprom caused by the high level of governmental interference in the commercial interests of the company. The article implies the political context of the transit row; it describes Russian actions as "cutting supplies to pro-Western, free-market Ukraine" (*The Guardian* 3, 2009: 32). The article concludes that Russia and Ukraine are interdependent economically and the transit row affects both countries negatively.

4. Traynor, I. (21.01.2009), Russian gas begins to flow into wary Europe, *The Guardian*, p. 26,

The article looks at the consequences of the January 2009 gas dispute for the EU-Ukraine-Russia energy trade. The article argues that the reputation of both Russia and Ukraine have been affected negatively by the crisis. The article argues that Ukraine was affected by the transit row the most, because of the negative consequences of the new gas deal for Ukrainian economy. Finally, the article emphasizes that the supply interruption demonstrated the importance of supply diversification, in particular via the NABUCCO route.

The Independent (London)

December 2008

1. Dawber, A. (24.12.2008), Russian-led gas producers' group raises fears of cartel, *the Independent*, p. 34,

This article is about the meeting of the 12 biggest natural gas exporters in Moscow to discuss the creation of a Gas Exporting Countries Forum (GECF). The article describes briefly the idea of GECF and also touches on the problem of Ukrainian energy debt and argues that this cartel can give an opportunity to raise prices for energy consumers (including the EU) The article also discusses the potential for the new energy row in January 2009, which can result in supply disruptions for the EU, since 80 per cent of Russian gas exports go through the Ukrainian territory.

2. Arnott, S. (31.12.2008), Paying the piper; As Russia again threatens to cut Ukraine's gas supply, Sarah Arnott surveys a battleground of economics and power politics, *The Independent*, p. 36,

In apprehension of new transit row between Russia and Ukraine, the article focuses on the

politics of pipelines and talks about the existing pipeline projects (Nord Stream, South Stream, NABUCCO), which may help the transit problem. The article summarizes the progress (or lack of such) in Russo-Ukrainian negotiations on gas prices for 2009. The article claims that Russian energy policy towards Ukraine is not entirely economic; the Kremlin uses energy supplies as a political weapon.

January 2009

3. Leading article: The blunted claws of the Russian bear, (02.01.2009), *the Independent*, 34,

The article speculates on the concepts of power, which Russia has due to its position as an energy producer and how this power can be used against its neighbours. The article also looks at the question of price formation for energy for the former Soviet republics. The article presents Ukraine as vulnerable and dependable on Russian supplies state. At the same time, the EU is in different position as compared to Ukraine, and can and should look for alternative energy suppliers to monimise risks related to energy dependence on Russia.

4. Arnott, S. (07.01.2009), Gazprom and the struggle for power; Gazprom is now so powerful that it is capable of freezing much of Europe. Sarah Arnott reports, *the Independent*, p. 40,

The article discusses the interconnection between Russian government, Gazprom and Russian energy policy. Arnott states that "Gazprom is simply not a normal commercial entity. Nor is it as non-political as it claims" (Arnott, 2009: 40). The article claims that Russia uses energy as a political tool to punish neighbouring states for adopting anti-Russian policy. To support this claim, Arnott reminds that the first transit row followed the Orange Revolution in Ukraine. The Czech Republic also experienced supply disruptions after Prague has agreed to host a US radar station. The article also describes how both Ukraine and Russia blame each other for the conflict.

The Observer[13]

January 2009

[13] There are no articles published on this subject in December

1. Harding, L. (11.01.2009), Deal to resume Russian gas eludes EU as 11 people die in big freeze-up, *The Observer*, p. 32,

The article is about the reluctance of both Russia and Ukraine to overcome the crisis caused by the price disagreement, and, about the severe consequences of this conflict for the countries the most affected by the supply interruptions (the Balkans). The article quotes the people from the affected states to emphasise the impact of Russo-Ukrainian conflict on European consumers. For example, Harding refers to Vlasta Stankovic from Serbia: "in some ways its worse than during the 1999 NATO bombing in the Kosovo crisis – at least it was springtime then and not so cold" (Harding, 2009: 32). The article concludes that the crisis caused not only by commercial interests, but also by political problems which go back to the 2004 Orange Revolution in Ukraine.

2. Medvedev's gas pledge, (18.01.2009), *The Observer*, p. 47,

The article is about the promise of Russian President Dmitry Medvedev to do everything possible to restore gas supplies to Europe as soon as possible. The article concludes that despite the promises and speeches of the officials, both Russia and Ukraine failed to prevent the conflict, which affected people not only in Ukraine, but also in the member states in the EU.

Answers to research questions:

Who is responsible for the gas row?

All four newspapers put greater responsibility on Russia for the energy crisis. All three daily newspapers implied that Russia uses or tries to use energy supplies as a political tool. For example, *The Daily Telegraph* writes that "Russia began sharply raising prices to Ukraine in 2006, after a pro-Western government took control in Kiev" and "some Western diplomats fear that Russia, emboldened by its victory over Georgia in August, could yet turn its military ambitions on Ukraine". The internal political competition in Ukraine, on which the escalation of the conflict is blamed in Russian media has been mentioned briefly, but not as the most significant factor.

How Russian actions are described?

The Russian response to the Ukrainian refusal to pay the higher price for energy resources is presented negatively. *The Independent* writes that "Russia wants to gain control of EU pipelines". *The Guardian* also blames Russia for abusing its position as an energy supplier. The articles selected for analysis include the following phrases: "Russia was using energy as political weapon", "fears of energy 'cold war'". *The Daily Telegraph* shares a similar position: "Russian energy, an asset that the Kremlin has used to punish its political foes".

How it would influence further development of the EU-Russia energy dialogue?

The newspapers selected for the analysis concluded that the energy row damaged the reputation of Russia as a reliable energy supplier and demonstrated the weaknesses of the European dependence on Russian supplies. *The Independent* and *The Guardian* talk about the importance of supply diversification in general and the southern corridor (NABUCCO) in particular.

Media frame created by British newspapers in December 2008–January 2009

All four newspapers selected for the analysis presented the energy conflict and its implications on EU-Russia energy relations in a similar way, despite different political affiliations. As a result of the qualitative analysis of British newspapers the following frame is created: Russia abuses its position as an energy supplier to punish some of its neighbours (Ukraine in particular) for choosing pro-Western political orientations. Such phrases are used in the majority of articles selected for analysis: "gas war", "political club to beat opponents down". The newspapers talk about the negative consequences of the gas conflict on the Russian reputation as a reliable energy supplier. Only one article in *the Guardian* mentions that the Ukrainian reputation suffered as well. Ukrainian internal political conflicts were mentioned, but had not been described as a major factor contributing to the development of the conflict. The dependence on Russian supplies is presented as a threat to European energy security. The importance of supply diversification is mentioned as well. For example, *the Independent* writes about the importance of getting oil and gas from alternative sources. Also, *The Observer* puts emphasis on the human victims of the conflict and all four newspapers suggested the importance of supply diversification. Especially important, is bringing new suppliers to the European energy market by supporting the construction of the NABUCCO pipeline.

Conclusions

The aim of this chapter is to look at the negotiation of security to the audience. The Copenhagen School (Buzan, *et al.* 1998), as well as other critical theorists (Balzacq, 2002) argue that for the issue to be put on the security agenda, the securitising actor should present the issue as a threat to the audience, and the audience need to accept this threat. Not all the claims made by the securitising actors are socially effective (Williams, 2003: 514). For the claims to be effective the actor should connect the claim with the socio-cultural context and shared knowledge (Williams, 2007: 2). Balzacq claims language to be an important tool of the securitisation process. Language allows the securitising actor to use stereotypes, metaphors and emotions to shape the public opinion (Balzacq, 2008). Buzan *et al.* write that it is often difficult to distinguish one particular 'speaker', who is communicating security to the audience, and the 'speaker' could be traced back to the collectivities which have authority and ability to shape public opinion. This dissertation chose the media as an example of a 'speaker', because the majority of people get information about EU-Russia energy relations from the media. This chapter presented the combination of quantitative and qualitative content analysis of 4 Russian newspapers (*Komsomolskaya Pravda, Nezavisimaya Gazeta, Kommersant*, and *Rossiiskaya Gazeta*) and 4 British newspapers (*The Daily Telegraph, The Guardian (London), The Independent (London)*, and *the Observer*), and a broader sample of European media (*Austria Today, Bulgaria Gazette, The Prague Post, Le Monde Diplomatique, The Deutsche Welle, Budapest Business Journal, The Slovak Spectator, Gazeta Wyborcza*). Both Russian and European media have different political affiliations (European media are orientated towards different political parties or independent; Russian newspapers have either pro-governmental or more neutral position), however it doesn't affect validity of the media analysis, since its purpose is not to compare different media systems, but the media frames constructed in Russia and in the EU to negotiate energy security to the audience.

Specialists of media analysis often use a term 'frame' (Vultee, 2011). Frame is a way of channeling the information about the outside world for a general audience. Coming back to the cave allegory, used at the beginning of this chapter, 'framing' is a way of giving meaning to the shadows on the wall. According to Vultee, "securitisation is a form of framing that highlights the existential threat of an issue – whether it arises at the interstate level or at

the cultural level of state's legitimacy" (Vultee, 2011: 79). The media analysis focused on the coverage of the January 2009 Russian-Ukrainian energy conflict, because of its implications for the development of EU-Russia energy relations. After the energy interruptions in January 2009 when almost twenty countries in Europe experienced shortage of Russian supplies, the member–states of the EU realized the urgency of the development of the Common European Energy Policy and supply diversification (see Chapter 5 for more details on diversification). The representation of this energy conflict in both Russian and European media is a good example of the use of symbolic properties in shaping public opinion. Bourdieu writes about this process the following: "symbolic properties, even the most negative, can be used strategically according to the material and symbolic interests" (Bourdieu, 1991: 221). The qualitative media analysis demonstrated that both British and Russian newspapers used the symbolic attributes to support their interpretation of the problem. British newspapers laid an emphasis on the effect of the energy conflict on the daily life of the European countries, which experienced the supply interruptions. The frame created by British newspapers blamed Russia for using energy power as a foreign policy tool, presented the dependence on Russian energy supplies as damaging for the EU energy security, and promoted the importance of supply diversification. Despite the fact that the UK wasn't really affected by the energy crisis, the analysis of cross-national European media demonstrated that the media frame created in the UK projects the same message as a broader European cross-national media frame. At the same time, Russian newspapers focused on the internal political conflict in Ukraine and the unreasonable expectations of the CIS states in regards to energy prices. Overall, media analysis demonstrated that the energy security is presented differently to Russian and European audiences.

Chapter 5

De-Securitisation of EU-Russia energy relations: reasons and strategies

Introduction[14]

Balzacq writes that an analysis of securitisation should also evaluate potential conditions for de-securitisation (Balzacq, 2010). Chapters 2 to 4 are devoted to the reasons and contexts of securitisation from both the Russian and the EU perspectives. Building on the conclusions and findings made in the previous chapters, this chapter moves on to the consequences of securitisation and the possible approaches to de-securitisation. It is important to look at the consequences of securitisation to answer the question: if de-securitisation is necessary or if EU-Russia relations should remain on the security agenda. Waever argues that de-securitisation is not always a good thing. He writes: "De-securitisation is preferable in the abstract, but concrete situations might call for securitisation… securitisation might help society to deal with important challenges through focusing and mobilizing attention and resources" (Waever, 2011: 469). Chapters 2 and 3 demonstrated that both Russia and the EU see each other's energy policies as a potential threat to their own energy security. Russia and the EU try to develop diversification strategies to ensure energy security. This chapter evaluates the existing plans for diversification and the potential impact of these plans on both European and Russian energy security and EU-Russia energy relations. The examples to be discussed are: diversification of Russian gas supplies (entering the Chinese market, LNG and energy trade with Turkey, and EU-Russia competition over access to Central Asian and Caspian hydrocarbons).

The second part of the chapter introduces the concept of de-securitisation and suggests a possible de-securitisation strategy. As was discussed in Chapter 1, there are different approaches towards de-securitisation. The Copenhagen School suggests that securitisation should be avoided (Roi, 2004: 284). If the issue has been securitised there are two possible ways: "to keep the responses in forms that do not generate security dilemmas and other vicious spirals" (Roi, 2004: 284) and to remove the issue from the security agenda (Roi, 2004: 284). According to Roi, de-securitisation could be achieved either by management of threats or their transformation (Roi, 2004: 285). He writes: "the management of

[14] Some of the material presented in this chapter contributed to the following publication: Khrushcheva, O. (2011), The creation of an Energy Security Society as the way to decrease securitization levels between the EU and Russia in energy trade, *Journal of Contemporary European Research*, 7 (2), p. 216-230,

securitised issues may well bring with it some notion of 'normalizing' the situation, the language of security will nevertheless also be present… the transformation of securitised issues is shifting of an issue from something that is 'security' to… 'asecurity'" (Roi, 2004: 285). Practically it could be achieved by following one of these strategies: objectivist strategy or the constructivist strategy (Roi, 2004: 285–286). The first is concerned with the differentiation between real and constructed elements of security, in other words "where security has an objective content against which subjective notions of threat will be either real or illusory" (Roi, 2004: 285). The second one, the approach adopted by this thesis, is concerned with the deconstruction of the reasons for securitisation. Krause, *et al.* write about the importance of securitisation theory for achieving de-securitisation, which could result only from a "profound understanding of the forces that create political loyalties, give rise to threats, and designate appropriate collective responses" (Krause, 1996: 249). As long as one understands why an issue has been securitised it is easier to handle the problem (Roi, 2004: 285–286). That is why it is important to connect the discussion on de-securitisation with the problems raised in the previous chapters. In relation to EU-Russia energy relations this thesis understands de-securitisation as 'management of threats' by deconstructing the reasons for securitisation.

Diversification of Russian gas supplies

Russo-Chinese negotiations

Table 11 below demonstrates Russian vulnerability to any diversification of European energy supplies. As one can see from the table all Russian pipelines apart from the Blue Stream are destined to the EU. For this reason the potential construction of a pipeline to China is important for diversification of demand. However, the negotiations about gas contracts with China are complicated, because of price disagreement. This section provides an overview of Russo-Chinese negotiations on gas supplies, including the potential consequences of this deal for EU-Russia energy trade.

Table 11

Russian Pipelines for natural gas supplies

Pipeline	Date	Route	Capacity

Bratstvo/Soyuz	Soviet Network	Russia–Ukraine–Central Europe	130 bcm
Polar Lights	Soviet Network	Russia–Belorussia–Ukraine–Central Europe	25 bcm
Transbalkan	Soviet Network	Russia–Ukraine–Moldova–Belorussia–Turkey–Greece	20 bcm
Finland Connecter	Soviet Network/ expanded in 1999	Russia–Finland	20 bcm
Yamal	Since 1999	Russia–Belorussia–Poland–Germany–Western Europe	28 bcm
Blue Stream	Since 2002	Russia–Black Sea–Turkey	16 bcm
Nord Stream	Estimated 2011/2012	Russia–Baltic Sea–Germany–Western Europe	28/55 bcm
South Stream	Estimated 2014/2015	Russia–Black sea–Balkans–Central/Southern Europe	31/63 bcm

Source: Boehme, D. (2010), EU-Russia Energy Relations: What Chance for Solutions? A focus on the Natural Gas Sector, p. 64.

Even though the discussion on the possibility of Russian gas supplies to China has existed since 2004, the Russo-Chinese negotiations intensified again after the Third Energy Package came into force at the beginning of 2011. Nevertheless, up to the current moment the agreement has not been signed yet. The main stumbling block in negotiations is

disagreement on prices. In 2006 Russia signed an agreement to provide gas to China from Siberia. According to the original plan two new pipelines were supposed to be constructed by 2011. However, up to the current moment this project still exists only on paper. The official reason for the delay in the realization of the project is the price disagreement between Beijing and Moscow (Guangjing, 2010). At the moment, the level of gas consumption in China is rather low. Only 4 per cent of Chinese energy comes from gas, the country still depends a lot on coal (Economidies, 2010). Even though Chinese leaders admit that they need more gas, they cannot offer a price which can compete with the one on the European market. One Gazprom representative commented on this situation as follows:

> "The Chinese market will never bring as much income as the European market does. At the same time the construction of necessary infrastructure is quite an expensive enterprise. It is uncertain yet who will pay for the construction of this pipeline. Possibly the Chinese side will participate in funding the project on account of future gas supplies" (Altaigazprom representative, 2011).

A Gazprom representative said in the interview to the author of this thesis that "in the condition of the economic recession it is not profitable project. That is why for the next couple of years this plan is not going to be fulfilled" (Gazprom representative, 2010). Simonov, the Director General of the National Energy Security Fund agreed that any project for demand diversification by Russia is not economically viable. However, the EU "keeps pushing Russia away by the lack of coherence in Common European Energy Policy and constant paranoia regarding Russian ambitions to use energy as a political tool" (Simonov, 2010).

The progress in negotiations is slow. In April 2010 Gazprom as well as the energy security experts in Russia saw the price disagreement as the major problem, which would set back the realization of the project for at least a couple of years (Simonov, 2010; Gazprom representative, 2010). In April 2011 the negotiations between Russia and China intensified, local authorities of the Altai Territory, Gazprom, and the research institutions involved in the project development expressed enthusiasm about the future of the pipeline. In spring 2011 the General Manager of "Altaigazprom"[15] expected the agreement to be reached by the

[15] Altaigazprom is the regional branch of Gazprom situated in the Altai Territory

middle of June 2011. According to Dr. Vinokurov, “Gazprom should be pretty confident in the success of the negotiations, otherwise they would not initiate the geotechnical, engineering and environmental works in the Ukok Plateau” (Vinokurov, 2011). Moreover the first deputy chairman of the government of the Republic of Altai, Sergej Tevonyan, said that the construction of the pipeline may begin in 2011, since according to the provisional plan the pipeline should be ready and operating in 2015. The pipeline is going to be 2600 kilometers long from the place of extraction to the borders with China on the Altai territory (Tevonyan, 2011). The pipeline should go through the territory of six subjects of the federation: the Republic of Altai, Altai Territory, Novosibirsk Region, Tomsk Region, Yamalo-Nenetsk Autonomous Region, and Khanti-Mansiysk Autonomous Region (Gazprom’s web-site1). According to the preliminary arrangements the contract between Russia and China would be at least for 30 years, and Russia would supply 30 bcm per year (Gazprom’s web-site). It is not confirmed yet, but possibly the construction would be sponsored by the Chinese as well and Russian side would return the money invested in the future supplies. Nevertheless, in the beginning of 2013 the agreement between Russia and China has not been reached yet.

The pipeline construction caused a lot of disagreement within Russia as well. The attitude of some non-governmental organizations towards the proposed route is very negative (Engoyan, 2011). Originally, there were three possible routes: through Mongolia, through Kazakhstan, through the Altai Territory and the Republic of Altai. Gazprom decided to select the third route, which causes a lot of opposition within Russia. The proposed pipeline route is supposed to go through the Ukok Plateau. Among the arguments against this route: ecological consideration, difficult climatic conditions, and economic considerations, which are discussed below in more detail.

Ecological considerations

The Ukok Plateau is situated in the south east of the Republic of Altai on a high mountain plateau. This is a large natural reserve and home to a number of animal species. The Ukok Plateau is recognized by UNESCO as Quiet Zone (UNESCO web-site). Some Russian ecologists consider the construction of the pipeline and road to China through this territory to be a tremendous mistake, which would destroy the unique ecosystem (Engoyan, 2011). Moreover,

some Russian scientists argue that by constructing the pipeline through the Ukok Plateau, Russia would contradict international conventions, since the Ukok is included by UNESCO in the World's Heritage List (Engoyan, 2011).

However, not all members of the Russian scientific community share this negative attitude towards the route of the pipeline "Altai". For instance, Yuri Vinokurov, Director of the Institute for Water and Environmental Problems, says that the threat to the Ukok Plateau is overestimated. The Ukok Plateau is divided into several zones and in some of them Russian legislation allows the conducting of economic activities. The pipeline would not go through the conservation areas and the natural reserve would be preserved (Vinokurov, April 2011). According to Vinokurov, the main difficulty for Russian engineers is going to be the development of the project, considering the difficult climatic and geographic conditions. In this sense, the two alternative routes (through Mongolia or Kazakhstan) would be easier to conduct construction works there.

Gazprom faces a lot of opposition within and outside Russia over the proposed route of the pipeline, including the ecological consideration. In 2012 UNESCO experts advised the Russia to re-consider the proposed route, because the construction of the pipeline threatens the ecological as well as cultural value of the plateau (Bankfax, 2012). Despite all the criticism, it is unlikely that Gazprom would reconsider the route (Kozlova, 2012). According to Demchik (2011), the choice of the route is explained by the aim to avoid the possibility of transit-related problems, which may arise if the pipeline goes through the territory of either Mongolia or Kazakhstan. For this reason, the Ukok Plateau, through which 54 killometers of the Russo-Chinese border lies, is the only possible option.

Socio - economic considerations

The pipeline is controversial also because not everyone in Russia considers it to be economically viable. Engoyan (2011) says that the pipeline would negatively influence the economy of the Republic of Altai. The region's economy depends on tourism, agriculture and animal breeding. The Ukok Plateau is a natural reserve which can potentially attract a lot of tourists, but the construction of the pipeline would definitely reduce the attractiveness of the area for tourists. From the other side, the local population uses some parts of the Ukok Plateau as pasture for their stock and construction work would withdraw some of these

pastures from use (Engoyan, 2011). At the same time, the pipeline would not bring any benefits to the regional economy. According to Engoyan, the pipeline project would hardly create a lot of working places in the Republic of Altai, because there are not many people there who have the required qualifications for this project. Furthermore, the pipeline is aimed solely at the Chinese market and would not contribute at all to the gasification of the Altai Territory and the Republic of Altai (Engoyan, 2011). Finally, some of the analysts are concerned that China may not be that interested in the pipeline as it is interested in the road, which is going to be built for pipeline maintenance. It means that there would be a risk of an increase in migration of Chinese citizens into Russian territory (Engoyan, 2011).

According to an opinion poll conducted in the Republic of Altai, the majority of the population also opposes the idea of the construction of the pipeline through the Ukok Plateau, because of the sacred importance of this territory for the local population. The pipeline project is supported only by that part of the population which thinks that this project would contribute to the gasification of the territory and can create some new jobs in the region. The results of the opinion poll are as follows: 16.7 per cent of the population is in favour of the pipeline project, 30 per cent think that there is no need for it, 3.79 per cent think that the project is untimely, and 44.8 per cent think that the project is dangerous. Among the negative consequences of the pipeline are the negative impacts on the environment and the danger to the integrity of the sacred territories (Engoyan, 2009).

Moreover, it is important to mention that not everyone in Russia shares the negative perception of the pipeline project. The scientific institutions involved in the engineering, research and development of the project promise that all the ecological considerations would be accounted for and the eco-balance would not be endangered. At the same time, the accusations that Gazprom is following its commercial interests and the project would not contribute to the gasification of the region are not completely fair. Gazprom has different branches, which deal with the different directions of the company's business agenda. The pipeline project 'Altai' is concerned with the diversification of external energy trade. However, at the same time the other direction of Gazprom's activities is the gasification of the subjects of the Russian Federation, including the Altai Territory and the Republic of Altai. Starting from 2007, Gazprom has been investing in the gasification of the Republic of Altai. At the moment the process is completed in the two largest populated localities: Gorno-Altaysk

and Mayma (Gazprom's web-site 1). In 2011 Gazprom plans to invest a further 500 million rubles in the further gasification of the region (Gazprom web-site 3).

The potential consequences of this deal on the development of the EU–Russia energy trade

It is also important to consider how the construction of the new pipeline would affect energy trade with Europe. According to the provisional agreements with China, Gazprom would sell around 30 bcm of gas to Beijing annually. This may create the risk of Russia's inability to carry on the current contract obligations to Europe. These concerns are related to the decline of the output on the existing oil-and-gas fields in Russia (Mankoff, 2009: 8). According to some sources, Gazprom's production will slide from 545.1 bcm in 2004 to only 340 bcm in 2020 (Mankoff, 2009: 10). Already in 2003 it was known that some of the major gas fields are in decline. For instance, Stern provides us with the following numbers: 75.8 per cent of reserves of Medvezhe gas field have been used, 65.4 per cent in case of Urengoy, and 54.1 per cent of Yamburg gas field have been exhausted (Stern, 2005: 8). To keep up with the current supply volumes Gazprom needs to invest a lot into the development of the new oil-and-gas fields. A lot of these fields are situated in the "inhospitable areas, especially the Yamal Peninsula, as well as eastern Siberia and the Barents Sea" (Mankoff, 2009: 8). Moreover, big pipeline construction projects (Nord Stream, South Stream) also require large investment and put additional limits to Gazprom's investment budget. According to the rough estimations Russian production has declined at the approximate rate of 18–25 bcm/year in the 2000s (Stern, 2009: 2).

Considering these numbers, Gazprom needs to invest US$4-5 billion per year in the development of the new fields in order to keep the current supply rates (Hanson, 2009: 43). At the moment, Russia is spending only around US$1 billion per year (Hanson, 2009: 43). In the last few years, not only did Gazprom not increase its investment budget, but on the contrary reduced it. In 2009, Gazprom announced that the development of the new Bovanenko field on the Yamal Peninsula would be postponed and the production would begin in the third quarter of 2012 instead of 2011 as it was planned before (Stern, 2009: 2). According to Stern, the economic recession of 2008 took off some of the pressure from the Russian gas industry to develop new fields due to the fall in demand (gas demand fell by 6 per cent in 2009) (Stern, 2009: 10). In 2010, the EU's natural gas market demonstrated a

slight increase in gas consumption (by 12%) and this rate will continue to raise pretty quickly (Lewiner, 2010). For these reasons, the pipeline project to China makes the problem of potential supply shortages even more complicated, since Gazprom would have to invest additional money into construction of the pipeline to China and, moreover, at least 30 bcm would be diverted to the Chinese energy market instead of the European one.

Even considering that both sides are highly interested in the project and keep their hopes high on signing the agreement in the nearest future, Moscow and Beijing are still failing to overcome the price disagreement. It was expected that the agreement would be signed in St Petersburg during the International Economic Forum, which took place from 16th to 18th of June 2011. Russian President Dmitry Medvedev and his Chinese colleague Hu Jintao had a meeting to discuss energy cooperation. Both sides agreed that this cooperation is one of the top priorities in the Chinese-Russian relations. However, Russian and Chinese leaders failed to reach a price agreement in June 2011. Russia suggested to link gas price with oil prices the same way it is done with the EU, but China cannot afford the EU price level (Washington Post, 20.06.2011).

Gazprom asks for the European price for gas – US$300 per one thousand cubic meters (Izvestia, 16.06.2011) and according to the current predictions the price of Russian supplies will continue to grow and may even reach US$500 per one thousand cubic meters by the end of 2011 (Washington Post, 20.06.2011). This price level is too high for China due to governmental control over the energy prices within China. China is prepared to pay US$100 per one thousand cubic meters (Bankfax, 2012). China National Petroleum Corporation (CNPC) cannot agree on the European price level: high import prices would lead to losses for the company (RBC Daily, 20.06.2011). Furthermore, it is unlikely for Beijing to accept the European price level because of internal expenditures related to the transition of energy generating industry in China. At the moment the Chinese domestic market is still highly dependent on coal and this transition also is going to cost a lot of money (Gazprom Representative, April 2010). Moreover, at the moment China buys cheap gas from Turkmenistan and other Central Asian states (Izvestia, 16.06.2011). For example, Turkmenistan supplies 13 bcm per year (Peyrouse, 2011: 183).

At the moment, it is difficult to say when the price agreement will be reached. However,

even considering the difficult negotiations, Moscow expresses hope to reach an agreement by the end of this year, because of mutual interest in the project and the growing demand for gas in China (Washington Post, 20.06.2011). Nevertheless, in case of the agreement with China being reached and the contract is signed, this would put additional pressure on the Russian ability to keep this contract obligations as well as contract obligations to Europe. The question of urgent need of investment into production and infrastructure of the oil and gas sector in Russia was discussed in Chapter 3 of this thesis. The fears of the Russian inability to meet the export requirements put additional pressure on diversifying the energy supplies by the EU, and on ensuring access to oil and gas reserves for domestic consumption and exports by Russia. That is why access to the Central Asian and Caspian energy resources is of key importance for both Russia and the EU. Before this chapter moves on to a more detailed discussion of EU-Russia competition over the Caspian and Central Asian states, other Russian demand diversification projects will be mentioned.

Other projects of demand diversification by Russia include the Blue Stream pipeline project and the LNG projects. Russia plans to expand its market for natural gas by developing technology and infrastructure for LNG. Originally the key projects for production and transportation of the LNG were the Sakhalin-II project (operated together with Shell) and the Shtokman field in the Barents Sea (Bochkarev, 2006: 31). However, after the decision was made to postpone the development of the Shtokman field, appeared the Yamal LNG project. The Yamal LNG project is still in the early stages of development and will require at least ten years to complete (Stern, 2009: 9). Potential and actual consumers of Russian LNG are: the USA, Great Britain, Japan and South Korea (Bochkarev, 2006: 31-32). At the moment, the USA is the key consumer for Russian LNG supplies. It is predicted that the demand for natural gas in the USA will continue to grow by around 1.5 per cent annually up to 2025 (Sheffield, 2007: 5). To meet its domestic demand the USA will need to import LNG from oversees, including from Russia. The first tankers with LNG were destined to the USA in 2005 under medium-term contracts with American companies (Sheffield, 2007: 5). In total, Russia delivered around 60.000 tons of LNG to the United States in September 2005 (Bochkarev, 2006: 31). In 2006, Russian LNG was delivered to Great Britain (Sheffield, 2007: 5).

Blue Stream pipeline

Between 2001 and 2002 Russia completed the construction of the Blue Stream pipeline to Turkey. The Blue Stream pipeline goes from the Russian city of Tuapse under the Black sea to Samsun in Turkey and continues overland to Ankara (Boehme, 2010: 118). The pipeline is a joint venture between Gazprom, Italian ENI and Turkish Botas (Boehme, 2010: 118). The deliveries to Turkey began in 2003. In the beginning the annual volume of supplies was below the pipeline's capacity: 9.5 bcm of gas in 2007 out of a planned 16 bcm per year (Boehme, 2010: 118). By 2011 the pipeline still did not reach full capacity (ICIS, 2011). Nevertheless, the pipeline is important for the study of Russian external energy policy. The Blue Stream is the first Russian off-shore pipeline. Moreover, it was the world's first deep-sea pipeline (around 2,800 meters cross-sea depth) (Barysh, 2007: 3). The pipeline allowed Russia to get an important place on the Turkish energy market, in spite of the fact that from 2006 Turkey also gets natural gas through the Baku-Tbilisi-Erzurum pipeline from Azerbaijan (Barysch, 2007: 3).

In summary, Russian attempts for demand diversification are in the early stages and are not able to provide the same level of income as the European energy market. The most significant project is the potential gas deal with China. However, at the moment it is difficult to say if this project will succeed or not. In other words, these diversification plans are unlikely to reduce Russian dependence on the European gas market. For this reason, Moscow would be vulnerable to any supply diversification project launched by the EU. At the same time, the EU member states are concerned with Russia's energy policy and the high levels of dependence on Russia and are trying to ensure its energy security by diversification of supply as well as the development of a unified energy policy. The section below looks at the European strategies of supply diversification.

The EU strategy for supply diversification

The EU is concerned with the reduction of its dependence on fossil fuels supplies for both security of supplies and environmental considerations. Chapter 2 already introduced the Second Strategic Energy Review of January 2008, which committed all 27 member-states to reduce greenhouse gas emissions by 20 per cent, to increase the share of renewable energy sources in energy consumption by 20 per cent, and to increase energy efficiency by 20 per

cent (Faas, *et al.* 2011: 12). Umbach *et al.* write that "if the EU is able to implement these strategies, it may drastically decrease its gas import demand by 2020 at the current levels or even lower (around 300 bcm) in contrast to previous forecasts (490 bcm)" (Umbach, *et al.* 2011: 300). The European Commission is positive about the possibility of achieving these targets. The Communication of the European Commission from May 2010 summarises the following progress with regards to 20-20-20 strategy (COM (2010) 265 final):

4. The EU emissions reduced to 10 per cent below 1990 level in 2008,
5. Due to the economic recession verified emissions in the EU Emissions Trading Systems in 2009 were 11.6 per cent below 2008 emissions,
6. Renewable energy sources accounted for 61 per cent of new electricity generating capacity in the EU in 2009.

The progress might be respectable, but it was partly achieved due to the economic recession, which caused the decrease of demand on the fossil fuels and the energy prices as well. However, one needs to remember that "as production recovers in energy-intensive industries like steel, this rate of reduction cannot be simply extrapolated in the future" (Umbach, *et al.* 2011: 300). Even though the development of the renewable energy and transition to low-carbon energy is a long-term process, the EU considers this process to be very important for energy and environmental security. Umbach *et al.* write that natural gas supply interruptions after the gas conflicts between Russia and Ukraine demonstrated the importance of changes to the European energy policy. In particular, the European Commission determined to ensure energy security by "proposing concrete energy infrastructure projects with a total turn of 3.5 billion Euros for 2009 and 2010 as part of the EU's overall economic stimulus programme in coping with the global economic-financial crisis" (Umbach, *et al.* 2011: 301). The priority projects are:

3. A Baltic Interconnection Plan to connect energy markets of the Baltic states,
4. NABUCCO pipeline project,
5. Development of the LNG projects and gas storage facilities,
6. A Mediterranean Energy Ring to connect hydrocarbon and renewable supplies,

7. North-South Gas and electricity interconnections in countries of Central and Southern Europe,

8. A North Sea Offshore Grid, which could connect national electricity grids and planned offshore wind turbine projects. (Umbach, *et al.* 2011: 301).

These plans, as well as 20-20-20 targets, are the response to the risks connected to the high dependence on external energy supplies. In particular, the transit conflicts between Russia and Ukraine mentioned in the previous chapter. At the moment, Russia does not express any concerns about the potential loss of the European energy market share. In an interview conducted in April 2010, the representative of Gazprom said that in the nearest future it is highly unlikely for the EU to be able to develop the renewable energy and energy efficiency to significantly reduce the dependence on hydrocarbons (Gazprom representative, 2010). This point of view was confirmed by Simonov, the director of the National Energy Security Centre, who also said that in the near future the EU will be dependent on Russian energy supplies (Simonov, 2010). In the short term, Russia might be safe, but in the long term the EU has the potential to decrease dependence on Russian supplies due to both energy supply diversification and the increased share of renewable sources in European energy consumption.

At the current moment, both the EU member states and Russia are competing over access and control over the energy production and transportation networks in the other regions. In particular, Central Asian and the Caspian Basin resources are important to both Russia and the EU. The section below looks at the competition over the access to the energy recourses of these regions between Russia and the EU.

Competition over Central Asian Gas

The collapse of the USSR resulted in the appearance of new energy producing states in the Caspian Sea region and Central Asia. The major energy producing countries that appeared out of the remains of the USSR are: the Russian Federation, Azerbaijan, Kazakhstan, Turkmenistan, and Uzbekistan (Luong, *et al.* 2001: 367). These five states, along with Iran, control the energy resources of the Caspian Basin (one of the largest oil and gas reserves in the world) (Luong, *et al.* 2001: 367). After the collapse of the USSR all of these states selected different approaches to the governance of their energy sectors. Luong et al. describe these

decisions as follows (Luong, *et al.* 2001: 369):

1. Turkmenistan and Uzbekistan – chose to keep energy production under governmental control.

2. Kazakhstan – the majority of the formerly state-owned companies have been sold to foreign investors.

3. Azerbaijan – a combination of full state control and the participation of foreign capital in the development of the energy reserves.

At the same time for two out of four states (Azerbaijan and Kazakhstan) energy resources are the main source of export revenue. Turkmenistan and Uzbekistan are also cotton producers (Luong, *et al.* 2001: 380). The access and control of the oil and gas reserves of the Caspian Basin is of key importance for countries both inside and outside the region.

Central Asian energy reserves play an important role in the energy policy of both Russia and the EU. For the EU, access to Central Asian gas can help to diversify supplies and reduce dependence on Russia. For Russia, at the same time, it is important to keep control over Central Asian gas to ensure domestic supplies and/or have an option for export contracts in case the development of the new major gas fields in Russia would be postponed any longer. It is also stated in the Russian Energy Strategy up to 2020: "In case of the absence of compensation of investment, deficit in the coming period increases risk of insufficient development of the industry, it could require an increase of gas imports from Central Asian States or to reduce export volumes" (Energy Strategy for Russian Federation up to 2020). In the first half of the 2000s, Gazprom bought 12.5 per cent of the Central Asian gas output (approximately 8 tcm of natural gas). Due to the limits of the existing gas transportation networks (most of which were constructed during the Soviet times), Russia has an opportunity to prevent European consumers from buying gas from the Central Asian states and the Caspian Sea region (Bochkarev, 2006: 31). Moscow is particularly interested in control over the energy supplies of Kazakhstan and Turkmenistan. Apart from this, Russia is actively involved in the determination of the legal status of the Caspian Sea, which remains subject to dispute (Bochkarev, 2006: 31).

The Central Asian states which potentially could export natural gas to either Russia or

the EU are: Kazakhstan, Turkmenistan, Uzbekistan and Azerbaijan. With Azerbaijani and Turkmen gas being the centre of competition. Kazakh gas production increased significantly only during the previous decade. Kazakhstan became a net exporter to Russia in 2004 (Boehme, 2010: 123). The biggest export supplies go from the gas field in the West of Kazakhstan to the Orenburg region of Russia (Remme, *et al.* 2008: 1626). Uzbekistan is currently producing around 65 bcm per year, with 50 bcm being consumed domestically. This means that export potential at the moment is limited to the Central Asian CIS republics (Boehme, 2010: 124). Turkmenistan has good potential for the export of natural gas. It is estimated that Turkmenistan has about 2.1 tcm in reserves. Considering that domestic consumption is relatively small, it leaves the biggest share of gas produced for export. For example, in 2002 out of 71 bcm of natural gas produced only 21 per cent was consumed domestically (Hancock, 2006: 70).

For a long time, Turkmen natural gas supplies have been mainly directed to Russia. This is mainly explained by the lack of pipeline routes, which were available for the majority of the Central Asian states. Turkmenistan, as well as other countries in the region has to rely on Gazprom-owned pipelines to export its gas supplies (Hancock, 2006: 70-71). For a long time, Russia managed to secure cheap deals with Turkmenistan. In 2003, Russia, Ukraine and Turkmenistan agreed on the gas prices for the next 25 years (until at least 2028). This deal has been confirmed afterwards by the next Turkmen President Gurbanguly Berdymukhamedov. That year, the decision was made that the price would only be US$44 per one thousand cubic meters (as compared to European gas price exceeding US$200 per one thousand cubic meters). Moreover, agreement has been reached that the Russian side would pay cash for only half of the gas supplies purchased and barter for the rest with goods (Hancock, 2006: 72–73). According to data provided by Remme, Blesl, and Fahl, in 2004, 39 bcm of Turkmen gas have been exported to Russia and Ukraine through Central Asia–Centre (CAC) pipeline (Remme, *et al.* 2008: 1626). In the following years the volumes of Turkmen energy sales to Russia have been growing and have reached around 50 bcm per year by 2008 (Boehme, 2010: 123). However, with the growing importance of the imports from the Central Asian states and competition from other countries like China for energy supplies from this region left Russia no choice, but to agree with the price increase. By 2007 price of Turkmen gas increased from US$44 per thousand cubic meters to US$100 (Perovic, *et al.* 2007: 5).

China started negotiations with Turkmenistan in 2006, during the visit of the Turkmen president Niyazov to China. During this meeting, Niyazov and the Chinese president Hu Jintao agreed to the construction of a pipeline going from the Turkmen gas fields to China. It has been decided that China would sponsor the construction of the pipeline, and Turkmenistan committed to supply 30 bcm annually for at least 30 years (Hancock, 2006: 77). In 2009 Turkmenistan started to export gas to China.

Another key region for the competition over access to energy resources is the Caspian Basin. The EU is interested in Caspian oil and gas supplies as a potential way of diversification of energy imports. Considering, the risks connected with the production levels in Russia, the control over Caspian energy resources is of key importance for Russia as well. In the early 2000s, Putin set "a new agenda for setting the terms of access to Caspian hydrocarbons" (Stulberg, 2011: 2). During the first decade after the collapse of the USSR, Russian success in influencing the politics of the Caspian energy was rather inconsistent (Stulberg, 2011: 2). Adam Stulberg explains the main strength of the Russian position in the region as follows:

> "Because of Russia's regional preponderance, continued dominance of bilateral trade flows across the NIS, and near-monopoly over the existing Caspian pipeline infrastructure, Moscow is presumed to be intent on and well positioned to impose near-colonial solutions to regional energy security. Strategically situated to reclaim proprietorship over the region's asset-specific energy infrastructure and to forge a "rejectionist front" with Iran, Russia purportedly stands poised to direct decisions for Caspian energy and pipelines as critical steps towards boosting Russia's economic dynamism and global competitiveness" (Stulberg, 2011: 2).

In other words, Russia's control over the existing pipeline network and strategic geographical location between the region and the potential consumers in Western Europe makes it very difficult for the EU to diversify the energy supplies with both Caspian and Central Asian oil and gas exports. The example of the two competing pipeline projects the South Stream and NABUCCO illustrate the EU struggle for direct access to Central Asian and Caspian energy.

Competition between NABUCCO and South Stream

The competition of two pipeline projects, the South Stream and NABUCCO, can demonstrate the negative consequences of the securitisation of energy trade. Due to the high levels of securitisation it seems to be difficult for the EU to prioritize these projects in terms of their potential contribution to supply diversification. By concentrating on the threat of a further increase of the Russian share in the European energy market, some of the critics of the South Stream project overlook the benefits of the project for European energy security. Before moving on to the analysis of the competition of these two pipelines it is important to describe both projects briefly.

NABUCCO project

The idea of a 3300 km long pipeline construction which would connect European customers with gas fields in Iran was first proposed by the Austrian company OMV in the late 1990s. NABUCCO would transport gas from the Caspian region via Turkey to Bulgaria, Romania, Hungary and Austria. The construction should begin in 2013 and finish in 2017 (NABUCCO web-site). NABUCCO will cost around 5 billion Euros and have a capacity of 31 bcm per year (Nanay, 2010: 126). The main problem with this project is the uncertainty about the possible suppliers. Azerbaijan is able to provide only 10–12 bcm per year, which is not enough (Nanay, 2010: 126). According to the original plan, the rest of the gas was supposed to come from Iran, but considering the current intense situation with Iran this is not likely. At the moment investors consider Central Asian states to be potential suppliers (Simonov, 2007: 203). This may also include Iraq or Egypt (Socor, 2008:1). This uncertainty creates the risk that there could be insufficient gas to pump through the pipeline. Moreover, the recent announcement made by Baku that Azerbaijan has delayed the beginning of the Shah-Deniz gas field development at the Caspian Sea until 2016 instead of 2014 creates additional concerns about the gas supplies for the NABUCCO project (New Europe, 2010).

The South Stream Project

At the moment, Russia in cooperation with a number of European gas companies is working on the construction of two new pipeline projects: the Nord Stream[16] and the South Stream.

[16] The Nord Stream project is the pipeline (1220 kilometers long) which will connect the Russian Baltic coast near the city of Vyborg with the German Baltic coast near Griefswald (The official web-site of the Nord Stream

The South Stream pipeline is planned to go under the Black Sea to supply Russian gas to Bulgaria and further to Italy and Austria. At the moment, seven states apart from Russia are involved in the South Stream pipeline project: Croatia, Bulgaria, Serbia, Hungary, Greece, Slovenia and Austria. In the next couple of months Gazprom is planning to finish negotiations with France about the French power group EDF's participation in the project (Filatova, 2010). The South Stream is more expensive than NABUCCO, with an estimated cost of around 10 billion Euros. However, it is important to mention that the total cost of NABUCCO depends on the potential suppliers. At the moment it is difficult to say who will provide the rest of the gas apart from Azerbaijan, but the construction of one or several additional pipelines to connect new suppliers with Europe would definitely increase the cost of NABUCCO.

The competition between the two projects is a complex game. Russia is being blamed for high-levels of governmental interference in the South Stream project. The pipeline is often represented by Vladimir Putin, who is using the lack of solidarity to sign bilateral agreements with countries along the planned NABUCCO route (Socor, 2008:1). In 2010 Putin visited several EU member states, including Italy and Austria. The majority of his visits are related to discussions about the South Stream project. In this sense the level of governmental interference is higher than compared to NABUCCO. In official interviews Vladimir Putin emphasises that Russia is not threatened by NABUCCO and is not going to sabotage the competing project. However, this is not totally true. The pipeline from Azerbaijan to Europe, bypassing Russian territory, does indeed interfere with Russian interests because it would reduce its share of the European energy market. But it is important not to exaggerate the potential threat to Russia from NABUCCO. At the moment it is still not clear who will produce the rest of the gas required. To start construction without signing any contracts with energy producers is a risky and expensive enterprise (Simonov, 2007: 203).

Moreover, it is important to answer the question of whether the competition between South Stream and NABUCCO actually threatens European Energy Security. Austria, Bulgaria and Hungary (the states involved in both projects) argue that there is no conflict between

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project). From there Russia gas supplies would be distributed further in Germany, and in other European Countries, including Denmark, the United Kingdom, the Netherlands, Belgium, France, and the Czech Republic. Two parallel pipelines would be constructed: the first line with a transmission capacity of around 27,5 bcm per year is completed in 2011. The second line is to be completed in 2012, doubling annual capacity to around 55 bcm

these projects: both pipelines will contribute to supply diversification. It is argued that these two projects have two different aims. NABUCCO is aimed to connect Azerbaijan and Central Asian gas with Europe, bypassing Russia. At the same time, the South Stream and Nord Stream are aimed to reduce dependence on the transit states. A total of 95 per cent of Russian gas supplies transit through the territory of at least one country before reaching consumers in Europe. This creates transit risks for both Russia and Europe (Spanjer 2006: 2891). The transit rows with Ukraine in 2006, 2008 and 2009 resulted in gas cut-offs to EU customers. The South Stream would help to avoid such disruptions of supplies in the future.

The overview of the potential diversification strategies demonstrate that neither the EU nor Russia are capable of successfully decreasing dependence on one another in the nearest future. Proedrou writes the following: "the EU's import portfolio is likely to be more diversified in two decades than it is today" (Proedrou, 2012: 122). At the same time, Russia and China struggle to overcome the price disagreement, preventing them from signing the contract. Therefore, both Russia and the EU would benefit from improving the relationship, rather than securitising their energy relations. The second part of this chapter evaluates the potential de-securitisation strategies, building on the analysis of the securitisation process presented in Chapters 2 to 4.

Approaches towards the de-securitisation of EU-Russia energy relations

The first section of this chapter demonstrates that the different understandings of energy security, together with such factors as national identity, domestic politics, and a clash between the supranational and national levels resulted in the situation, where both the EU and Russia try to protect their national energy security from one another. As a result of the securitisation process both sides perceive each other's energy policy as threatening to energy security. For example, for the EU the consolidation of the Russian energy sector under governmental control, the clashes with the transit states over energy-related issues, and Russian withdrawal from such international frameworks as the ECT resulted in the perception of Russian ambition to use energy sales as a political weapon (Chapter 2). The lack of a Common European Energy Policy gives the individual member states a lot of freedom in controlling their national energy policies. In order to protect themselves from the potential risks related to the high levels of dependence on Russia, the EU member states sometimes pursue policies which contradict one another. Many promote the diversification of energy

supplies, which as in the case of NABUCCO is not necessarily beneficial. At the same time, Moscow is driven mainly by clash of the domestic political and economic aims. The Russian government sees the energy resources as the driving force of Russian re-construction. This creates a vicious circle, starting with the consolidation of the energy sector under governmental control to ensure the preferable pricing for domestic consumers (in the case of natural gas), and guaranteed revenues from the energy sales to the state budget (Chapter 3). As a result the input of private investors (especially foreign ones) is very limited. This policy placed a lot of pressure on the energy sector, and to ensure the future volumes of supplies and its position on the European energy market, Russia has to engage in competition over the control of the Caspian and Central Asian supplies (through control of pipelines) as well as in the bilateral relations with the individual member states to keep its share of the European market (often despite the criticism of the EU). Overall, despite the high levels of interdependence, which could be a basis for productive cooperation, both the EU and Russia perceive each other's energy policies as a danger to energy security. To normalize the relations, both sides should perceive each other as partners rather than competitors (Aalto, 2009:178). This could be achieved through de-securitisation. The definition of de-securitisation was presented in the beginning of this chapter and in Chapter 1 (p. 49-50). This section will look at the ways the de-securitisation process could be shaped in EU-Russia relations.

The Copenhagen School defines de-securitisation as the process of removal of the issue from exceptional politics to the realm of normal politics (Buzan et al. 1998: 4). Aradau argues that in the Copenhagen School's understanding of the central question of de-securitisation is "what kind of politics we want: the politics of exceptional measures or democratic politics" (Aradau, 2004: 393). Therefore, for the Copenhagen School securitised politics is abnormal, and de-securitisation is necessary to return to the rhetoric of normal politics. However, due to the importance of energy relations for the quality of life for citizens of Russia and the EU states, the complete removal of EU-Russia relations from the security agenda is not necessarily the best option. Building on the introduction to this chapter, this thesis suggests using the managed approach towards securitisation, instead of transforming EU-Russia energy relations "from security to 'asecurity'" (Roi, 2004: 285).

In order to achieve this, it is important to answer the question who should drive the de-

securitisation process. Some authors suggest, that de-securitisation means politicization, the others, such as Vibeke Schou Tjalve, suggest that de-securitisation could and should happen "at the level of polity, rather than policy" (Waever, 2011: 472). Her idea is that 'de-securitisation' could be driven by the audience, rather than the policy-makers (Waever, 2011: 472). Krause *et al.* suggest that de-securitisation could be achieved by changing from power politics to cooperation via international institutions and diplomatic practices (Krause, *et al.* 1996: 249). As well as the securitisation process depending on the context, the de-securitisation process also should be designed depending on the particular situation. Due to the sensitive nature of energy security for the economy and the quality of life of the population (both in Russia and in the EU), energy security could not be 100 per cent de-securitised. At the same time and for similar reasons, de-securitisation should be driven by the policy and decision-makers. However, the potential pressure from the different groups within society should be considered. For example, in the case of unexpectedly high rises in domestic electricity prices, the Russian government will have to deal with the protests of the population. Thus, the interests of the social groups should be considered in the development of the de-securitisation strategy.

Another important question asked in regards to de-securitisation is how the issue could be removed from the security agenda? Some authors (for example, Aradau) argue that it is much more difficult to de-securitise an issue, than to securitise it. Aradau writes that securitisation through the speech act could be successful only if the audience could relate to the justification of the securitisation process through their day to day experiences (Aradau, 2004: 400). In other words, the securitising actors use the symbolic attributes (collective memory, national identity) to support the speech act. In this case, de-securitisation is another form of the speech act, aimed to "create a different reaction from one of enmity" (Aradau, 2004: 400). Behnke suggests an alternative approach, when "an issue becomes de-securitised through a lack of speech, not through speech acts affirming its new status" (Behnke, 2006: 65). This thesis shares Vuori's perspective on de-securitisation. He agrees with Behnke's idea, but argues, that successful de-securitisation "may depend on a withering away, but this withering may begin with active moves" (Vuori, 2011:190). Moreover, the de-securitisation process as well as the securitising one should rely on symbolic properties and be embedded in a specific context for the audiences to relate to the de-securitisation aims.

Balzacq (2010) considers media, political elites and think tanks to be powerful agents of securitisation; however, the same agents could be used for successful de-securitisation.

The de-securitisation strategy could be adapted to the different levels of EU-Russia energy trade according to the reasons for the securitisation of energy relations on these levels. In particular, three levels could be outlined: 1) The Russian domestic level; 2) The internal EU level, including the division of competences between the EU institutions and the national governments of the member states, and 3) The level of relations between the EU and Russia. All the actors involved in the securitisation of the energy trade, should be involved in the de-securitisation forces. The approaches towards de-securitisation would depend on the construction of energy security on each level.

De-securitisation of energy trade by Russia

Chapter 3 argued that for Russia the main driving force behind the securitisation of the energy trade, is the ambition of the Russian government to use the energy sector to stabilize both the domestic political and economic situations. However, the current policy could help to achieve these aims only in the short term. Indeed, during the first two terms of Putin's presidency Russian GDP increased "by 60 per cent, and incomes almost doubled with wages growing by an average annual 13 per cent in real terms from 2002" (Sakwa, 2008: 313). However, it all came at a cost; the energy sector is in urgent need of investment to keep up with the current volumes of supply and/or to increase it in the future. Moreover, the use of energy for internal political and economic reasons became possible because of the historically high energy prices.

The fluctuation of energy prices influences the energy relations between Russia, the EU and transit states. According to Hunt *et al.* "the energy prices doubled during the second half of the 1990s, and tripled during 1999–2000" (Hunt *et al.* 2002: 87). The increase in energy prices in the late 1990s–early 2000s made Putin's energy policy possible: the high energy prices allowed the Russian government to create the stabilization fund and to pay off the foreign debt. The price formation for natural gas has its specifics. As compared to oil, there is no world market for natural gas. Trade is conducted on the regional markets. Boehme distinguishes three main markets: North America, Europe and East Asia (Boehme, 2010: 76). He writes the following about the process of price formation: "Price formation varies

according to the degree of liberalization the respective markets find themselves in and more specifically according to factors such as regulation, contracting habits, share of imports, liquidity or spot market size" (Boehme, 2010: 76). The regional particularities of the natural gas price on the European market allowed Russia to begin the process of the energy price increase for the CIS: high prices on the European market were used as an argument in favour of increase in natural gas prices for the CIS states. In case of energy price drop in the near future the Russian economy would be affected considerably.

Moreover, due to the transit conflicts with Ukraine and Belarus, and the bilateral deals with the individual member states (undermining the overall European attempts to develop the Common European energy policy), Russia damaged its image as a reliable energy supplier. These domestic and international factors suggest that the securitisation of the energy production and trade put Russia in a vulnerable position to any changes on the European energy market (especially a price drop). At the moment, the Russian government does not have any solution to the potential problems of the domestic energy sector. To sum up, for Russia the main motive for de-securitisation should be the same as for securitisation: the role of the energy sector for the reconstruction of Russian economy and further stabilization of the Russian domestic political situation. However, to achieve this in the long-term, Russia needs to change its policy towards the gradual liberalization of the energy sector (in particular, by improving its foreign investment climate).

It would allow Russia to solve some of the problems both internally and in the energy trade. First of all, to keep the high volumes of exports Russia needs to invest a lot in the development of new oil and gas fields and the construction of new pipelines. It is almost impossible to support such a demanding sector without private investors. If Russia would let foreign investors participate in some of the projects it would be able to get essential money to increase the productivity of the energy sector and improve its image in the EU. If European customers could be involved in the development of new energy fields in Russia or pipeline projects it would help to rebuild trust between Russia and the EU. Recently, Russian experts have begun to realise this. For instance, Simonov said that Russia would invite more foreign investors in the future (Simonov, 2010). Vitaly Pogoretsky writes the following: "in order to support the financial viability of Gazprom, the Russian government had to reassess its energy pricing policy, and currently plans to converge export and domestic gas prices by 2014"

(Pogoretsky, 2011: 189). However, as explained in this section and in the Chapter 3 of this thesis, it is important to understand that these changes cannot be rushed. Due to domestic socio-economic considerations, Russia needs to implement these measures gradually to ensure the ability of the population to cope with these changes (for example, the rapid increase of domestic energy prices would negatively affect Russian households).

The de-securitisation on the European level

The de-securitisation on the EU level needs to be concerned with the further development of a Common European Energy Policy. The main problems and successes of the European energy policy have been discussed in detail in Chapter 2, which concluded that the EU institutions have only limited competence to control external energy relations of the member states. The bilateral agreements between the individual member states and Russia may clash with one another and undermine the common European attempt to unify energy relations with Russia. Moreover, the lack of a coherent Common European Energy Policy allows Russia to secure its interests on bilateral level. The new developments mentioned here were introduced in 2009 and came into force in 2011. The new energy policy is also known as the Third Energy Package. These developments are supposed to unify the internal energy market of the EU, but provide only limited competence for the EU's institutions to regulate energy relations with external suppliers; and mainly aimed at development of internal market.

This chapter argues that a coherent energy policy is essential for the de-securitisation of energy relations with Russia. And this policy should be considered as "the only real solution to a host of externally-derived issues" (Hadfield, *et al.* 2008). For this policy to be, the European Commission should be able to vet the bilateral agreements of the individual member states with external energy producers, as well as negotiate and conduct agreements about energy infrastructure with external suppliers (Buchan, 2011: 39). Starting from January 2012, member states are offered to submit their bilateral agreements with foreign producers for the Commission to vet. In case it is decided that the agreement contradicts EU legislation, the Commission would have an opportunity to press for changes in the agreement (Pflüger, 2011). However the implementation of these provisions is still in the early stages. Even though, at the moment this proposal received controversial feedback from the member states: the smaller states expressed their willingness to follow these rules, while the bigger

states “are only prepared to submit their foreign energy agreements to the Commission for vetting after they have been signed” (Buchan, 2011: 43).

To encourage Russia to follow the rules of the internal energy market in Europe, and the new external energy policy in general, the policy should consider the interests of the energy producers as well. The current developments are orientated mainly on the protection of the security of supplies. However, to ensure the willingness of the energy producers to follow the rules of the Common European Energy Policy, the security demand should be considered, and “the multi-lateral producer-consumer cooperation should be developed further” (Correlje, *et al.* 2006: 541). To complete the de-securitisation process the EU and Russia should also work on strengthening intergovernmental ties through international institutions and agreements (Khrushcheva, 2010).

De-securitisation on the international level

One of the weaknesses of the current situation in energy relations between Russia and the EU is in the weaknesses of the international energy governance system. At the moment, there is no comprehensive legal framework, which would regulate energy relations. And the existing institutions are rather weak in ensuring secure and transparent energy trade. This thesis argues the importance of the institutionalization of energy trade for de-securitisation process. This chapter looks at two particular examples: the EU-Russia Energy Dialogue and the negotiations on the international treaty on energy trade (The ECT and Russian suggestion of the new framework).

As was described in the previous chapters the securitisation of energy trade with Russia is increased because of the lack of a coherent Common European Energy Policy because member states have a lot of freedom to ensure its interests on the bilateral level. The example of the competition of NABUCCO and South Stream pipeline projects demonstrates that it has negative effect on both Russia and the EU. Ideally, it would benefit the relationship if the negotiation on the key issues is conducted on the European level. At the moment, the progress is rather slow, the European Commission has a limited ability to influence national energy policies of the member states (mainly in the areas related to the internal market and competition. For example, the European Commission can control the bilateral deals if they contradict the EU competition law (DG Energy Representative, 2011). However, unless the EU

institutions will increase competence over the decision making in future, it is likely that Russia will prefer to continue securing bilateral dreals. To improve the situation Russia and the EU should continue the institutionalization of energy relations. The EU-Russia energy dialogue is one of the forums established for these purposes.

The EU–Russia energy dialogue was launched in 2000 to provide "a forum to discuss questions of common interest in the energy sector and to bind Russia and the EU into a closer relationship […] and to contribute to security of energy supply and energy demand" (Monaghan, *et al.* 2006: 9). At the moment the dialogue consists of the representatives of both Russian and EU politicians and businessmen. After the first Permanent Partnership Council took place in October 2005, within the EU–Russia energy dialogue four bilateral thematic groups were established: investment, infrastructure, trade and energy efficiency (Youngs, 2009: 81). In November 2006 four working groups were reduced to three: energy efficiency, market developments and energy strategies (Youngs, 2009: 85).

The European bureaucrats, working on EU-Russia energy dialogue believe that cooperation based on the equal partnership would encourage Russia to facilitate the transition to energy market liberalization (Closson, 2009: 100). The EU-Russia Energy Dialogue is criticized for concentrating only on the technical and practical aspects of energy relations, being almost non-effective in regulating policy issues (Youngs, 2009: 85). Richard Young writes about the two levels of energy relations: the high politics level and the practical level. The high politics level is influenced negatively by the disagreements within the EU. The progress of the cooperation on the practical level is significantly higher (Youngs, 2009: 85). The difficulties on the high-politics level caused by the disagreements within the EU on the priorities of the EU policy towards Russia and by the lack of trust caused by the recent developments of Russian energy policy. At the same time, the positive development on the practical level could be explained by the mutual interests of both Russia and the EU in the development of energy sector in Russia. James Watson writes the following: "when the Western side makes finance or technology available to the Russian party without seeking to obtain an equity stake in the project, it is normally welcomed with open arms" (Watson, 1996: 448). The cooperation on development of energy efficiency and technology transfer is one of the strong points of the EU-Russia dialogue (German Ministry of Economics Representative, 2011).

The cooperation in energy efficiency may become the bridge between Russia and EU countries which could help to overcome their contradictions in energy relations. According to the interview evidence with the representative of the DG Energy in the European Commission, the EU is concerned with the Russian ability to increase the volumes of oil and gas supplies or even to keep up with the current ones (The EU Commission representative, 2011). International Finance Cooperation argues that Russia loses annually the amount of energy equitable to the annual primary consumption of France due to its inefficient use of energy (Energy Efficiency in Russia: Untapped Reserves: 1). By increasing its energy efficiency Russia could save 240 bcm of natural gas and 43 million tons of crude oil and equivalents. The saved energy could secure oil and gas supplies to the EU and bring environmental benefits as well. Russia has a potential for green energy (Pichkov, 2010).

Nevertheless, the EU-Russia energy dialogue is not enough for successful de-securitisation of the energy trade between Russia and the EU. For the cooperation to become successful the energy relations should be regulated by a comprehensive legally binding agreement. At the moment, there is no coherent international agreement to regulate EU-Russia energy trade. The section below looks at the state of negotiation on the amendments to the ECT (mentioned in Chapter 3) for a new framework suggested by former President Dmitry Medvedev.

International Agreement

Since 2009, when Russia announced its withdrawal from the ECT, there is no international legally binding agreement which could regulate the relationship between Russia and the EU. The ECT is described in more detail in Chapter 2. This section will focus on Russian reasons for withdrawal from the ECT and the current state of the EU–Russia negotiations on the international agreement on energy trade. The Russian government claims the ECT to be focused exclusively on the security of supplies. Another opinion about the real reasons behind the Russian decision suggests that Russia wanted to leave the ECT were not only based on the weaknesses of the Treaty, but also because Russian authorities believed that the ECT "limits the freedom of maneuver for the authorities in certain cases" (Milov, 2008: 14).

After 2009 the Russian side proposed to develop a new international agreement,

which would consider the interests of energy producers, consumers and the transit states, without the discrimination in favour of any of them. The Russian suggestion on the new form of the international energy governance is summarized in the proposal on a "conceptual approach to the new legal framework for energy cooperation", which was presented by Dmitry Medvedev during his visit to Finland in spring 2009 (Selivanova, 2011: 396). In many aspects the proposed system of the energy governance resembles the main provisions of the ECT: state sovereignty over national energy reserves, open competitive markets, non-discriminatory investment promotion and protection. (Selivanova, 2011: 397). That is why, the EU is skeptical about the necessity of the development of the new energy treaty. The representative of the European Commission said that: "48 states signed and ratified the ECT, and only Russia wants to develop a new treaty. A more rational solution would be to continue negotiations on the development of the ECT" (the EU Commission representative, 2011). Moreover, the representative of the European Commission said that 2010 demonstrated some progress in negotiation on the ECT as well as Russian admission to the WTO (the EU Commission representative, 2011). If these negotiations are successful and all the actors (state and non-state) involved in the EU-Russia energy relations are willing to cooperate, the EU and Russia have a chance to gradually remove the barriers imposed by the excessive securitisation on the energy trade.

Conclusion

To conclude, this chapter as well as Chapters 2 and 3 demonstrates that the securitisation of the energy trade between the EU and Russia complicates the energy relations between the two sides. While this seems unavoidable in the context, it is not necessarily inevitable. The EU member states and Russia depend on each other in energy trade. The European market is of key importance for Russia, because of the high price for energy supplies as compared to domestic market and sales to the CIS. For the EU, Russia is one of the main energy suppliers providing around 40 per cent of its overall energy requirements. Because both sides focus on different understandings of energy security (for the EU it is security of supplies, and for Russia it is security of demand), Russia and the EU develop their own energy policy without considering the other side's security concerns. As a result, both the EU and Russia are trying to diversify its supply and demand, instead of strengthening relations and attempting to minimize risk through institutions and international agreements. This chapter suggests a

strategy to de-securitisation as a way to overcome the problems caused by the extreme securitisation.

This chapter suggests three levels of de-securitisation: Russian, European and international. On the Russian level, de-securitisation should be concerned with opening the Russian energy market to European investors more. According to the interview evidence with the representative of the European Commission, Russian legislation in regards to foreign investment (law on strategic industries) is one of the points of concern (the EU Commission representative, 2011). The greater involvement of the European energy companies to Russian energy market may improve the European perspective on Russian energy policy. If Europe perceives Russia as trustworthy energy partner rather than the potential threat, it might bring certain economic benefits for the Russian energy sector. For instance, Aalto writes that unless Russia provides more open access to its market, "representatives of the EU have indicated their willingness to consider imposing restrictions on the activities of…Gazprom in the EU market" (Aalto, 2009: 165). At the European level some changes are also required. The Common European Energy Policy is indeed important to manage the disagreements on domestic level. Aalto argues that: "relaxing the market and competition principle may be a way ahead in order to deal with Russia more effectively… This would also mean accepting Gazprom's gas export monopoly in Russia" (Aalto, 2009: 177).

Finally, to complete the de-securitisation cycle, the changes on the international level are important. Russia and the EU need to continue negotiations on updating the ECT, so it will lead to its ratification by Russia. The coherent international legal agreement is needed to regulate the energy trade and minimize the risks to energy security (including the shortcuts of energy supplies). Moreover, Russia and the EU should strengthen the EU-Russia energy dialogue through the cooperation on mutually beneficial issues. The representatives of the European Commission and German Ministry of Economics named the energy efficiency and modernization of infrastructure among the key strong points of EU-Russia cooperation (The EU Commission representative, 2011; the German Ministry of Economics representative, 2011). The combination of these three levels would result in the gradual de-securitisation of energy trade.

Conclusions

The main purpose of the concluding chapter is to reflect on the research question and research aims posed in the introduction. The summary of the findings related to the research question is the core of this chapter, but it also includes reflection on the research process.

Despite the fact that the EU and Russia are highly dependent on each other, EU-Russia relations are challenging to say the least. Rahr describes energy resources as the nuclear weapon of the modern times (Rahr, 2008: 8). Proedrou writes that "the EU-Russia energy relations are characterized by an energy security dilemma. The fear of both entities that one might diversify its imports/markets pushes the other to follow the same logic" (Proedrou, 2012: 78). The main research question of this project is: how is it that energy trade between Russia and the EU reaches a high level of political securitisation? The existing literature often presents EU-Russia relations in a particular biased way (either energy-consumer or energy-producer orientated). It is often assumed in the literature, that the uneven distribution of hydrocarbons between the states would give an advantage to energy producing states. Some authors (Baran, 2007; Smith, 2007) argue that Russia as one of the major energy exporters uses the 'energy weapon' as a foreign policy tool in relations with the EU. To answer the research question it is important to look at the problem in a more balanced way, by taking into consideration the context of securitisation processes and its interpretation by the securitising actors, including use of symbolic attributes. This thesis is grounded in the assumptions of CSS to provide an in-depth overview of the problem.

The Copenhagen School explains security as a speech act: an issue becomes a threat then it is presented as such. Buzan *et al.* (1998: 28) argue that in principle any actor has an ability 'to talk' security. This understanding of security has been developed further by other theorists, including Balzacq (2005; 2011), and McDonald (2008). Balzacq (2011) argues that the securitisation process consists of two levels: level of agent and level of act. Balzacq (2005: 178) argues that for the speech act to be successful, it should include a securitising actor, whose authority is recognized by the audience; the audience; and the speech act itself. The success of the act depends both on the language and the context, and cannot be reduced to the purely linguistic act. The securitising actor often applies political and symbolic tools. These symbolic attributes could be defined as "built-in policy instruments that tell the population what the securitising actor is thinking and what collective perception of the problems is" (Balzacq, 2011: 17). Williams writes that "the ability to 'speak security'

effectively involves the ability to mobilize specific forms of symbolic power within the specific institutional fields in which it operates" (Williams, 2007: 66). Symbolic power may imply either the use of widely accepted knowledge or "the occupation of a socially recognized position of symbolic power from which it can be spoken" (Williams, 2007: 66). In other words symbolic power often is based or grounded in identities of the securitising actors and the audience. The detailed description of theoretical grounds of this dissertation is presented in Chapter 1. Chapters 2 to 5 aimed to de-construct the securitisation process by analyzing the level of agent in Russia and the EU, the level of act, the consequences of securitisation and potential for de-securitisation. Below are the main findings made in this dissertation.

Findings

The current state of EU-Russia relations is described by Simonov: "there is no EU-Russia energy dialogue, there are two monologues. And neither side is listening to another" (Simonov, 2010). Of course, in reality there are both dialogues and monologues at the same time. Both the EU and Russia define energy security differently, and construct their energy policies according to their priorities in energy sphere. However, the difference in energy security of supply and demand is not the only reason of challenging relations. Both Russia and the EU are responsible for the securitisation of energy relations for a number of reasons (political and economic interest of states, international institutions, and energy companies) (see Chapters 2 and 3). Moreover, the symbolic attributes (national identity, collective memory) and mutual misperception contributes to the securitisation process.

There are problems, which lie on the surface:

The major energy companies, individual member states, and supranational institutions have different and often contradictory priorities in developing energy relations with Russia. Not all EU member states are equally dependent on Russian energy supply; consequently, individual member states have a different vision of policy developments towards Russia. Even states which are highly dependent on Russian energy supplies have different approaches towards Russia. For example, Germany prefers to deal with Russia on bilateral level. At the same time the Baltic States and Poland are rather skeptical of Russian intentions and promote a more coherent common European approach towards Russia (among other things because of the

energy supply interruptions as a result of price disagreement with Ukraine). Considering the limited competence of the EU institutions in energy policy, Russia prefers to secure deals at the bilateral level with the individual member states which offer more favourable deals to Russia. The situation is complicated further by the fact, that there is no coherent international agreement regulating EU-Russia energy relations. In 2009 Russia withdrew from the ECT treaty, and EU-Russia energy dialogue mainly focuses on the technical aspects of EU-Russia energy relations.

For a long time the EU struggled to develop a coherent and consistent energy policy towards external energy suppliers. First attempts to develop the Common European Energy Policy were taken in the 1980s, and ever since the EU member states have been slowly moving towards the liberalization of electricity and natural gas markets. However, the majority of these measures are directed towards strengthening internal market (greater integration internally; greater liberalization internally; greater external security of supply; greater access to clean energy). The most recent changes to the European legislation are known as the Third Energy Package, which is mainly aimed at the integration of the internal energy market, including the separation of energy producers from energy supplying companies, increasing energy efficiency. The Third Energy Package declares an intention of the EU to develop a single voice of the EU in external energy relations. However, the member states still have a lot of freedom in determining their energy policy. Russian energy policy is often perceived as a foreign policy tool.

The analysis conducted for this thesis demonstrated that the factors behind Russian energy policy are often caused by domestic factors, rather than foreign policy aspirations (see Chapter 3 for more details). Ever since Putin came to power, the Russian government saw Russian energy potential as a way to reconstruct the Russian economy. To achieve these aims, Russia increased governmental control over the energy producing sector, the access of private investors (both Russian and foreign) is limited. Russia also quite assertively tries to keep control over the European market and the transportation networks. The consequences of this policy are controversial: in the short term, Russia has achieved high levels of economic growth, and managed to pay off a big share of its foreign debt. However, this growth has been achieved not through the wide-spread investment into production of goods and services in Russia, but through energy sales (mainly to the European market). The oil and gas

supplies constitute around 65 per cent of Russian exports. The dual pricing policy with different tariffs for domestic and external consumers for natural gas adds the pressure on the production of natural gas (see Chapter 2). Gazprom is in desperate need of investment for development of infrastructure and new gas fields. Overall, in the short term the securitisation of energy sector brought positive results from a Russian point of view, but in the long term such a policy creates a number of vulnerabilities for the Russian energy sector, and consequently Russian economy as a whole. Russian energy production is vulnerable to fluctuations of energy prices, to the ability to keep up with the current levels of supplies, because of the decline in production of the existing energy fields, and to the further diversification of the European energy imports, which would cost Russia a share on the European market. Russia is also vulnerable as a state because the state has structured itself to be as highly dependent and as closely interlinked to energy businesses as it is today. However, the securitisation process in Russia and the EU is not caused only by the surface factors, but also influenced by some non-tangible issues, such as identity, values and interests of securitising actors. These factors are described further in this chapter.

Going deeper:

The construction of securitisation is a complex process. The definition of securitisation applied in this thesis argues that the securitisation process consists of the two levels: the level of agent and the level of act. An issue could be presented as a threat by a securitisation actor by negotiating the issue to the audience. Not any actor could have an authority to present an issue as a threat to the audience. The audience needs to trust the securitising actor to accept his/her claims (Balzacq, 2010). For the securitisation process to be successful it should be embedded into a specific context shared by the securitising actors and the audience. Actors use the symbols rooted in this context to shape public opinion. That is why, to understand the roots of securitisation process it is important to study context of securitisation in both Russia and the EU. For instance, the national identity influenced the development of energy policies of Russia and the individual member states, which as a result affected the overall development of EU-Russia energy relations.

For example, Russian national identity allowed Putin's government to take quite assertive and even bold decisions in domestic and foreign policy, because these actions were

supported by the population. National identity in some ways informs the foreign-policy construction by shaping "the content of national preference and policy behaviour" (Hadfield, 2006: 682). As Andrej Tsygankov (2010: 194-195) writes, even though the developments in Russian foreign policy in the middle of the 2000s (mainly the change of policy towards the former soviet states) have been perceived negatively in the Western Europe and in the neighbouring states, the Russian population did support it on the whole. Results of the opinion poll conducted in 2007 demonstrated that 61 percent of respondents "evaluated the Kremlin's international actions as well balanced" (Tsygankov, 2010: 194-195). The broader historical, political and economic context affects the decision-making process of Russian authorities and is used as a tool by the authorities to convince the audience that the developments in energy policy are justified. As Chapter 3 demonstrates how the Russian government referred to the shared knowledge rooted in Russian national identity to convince the audience in the necessity of the consolidation of energy sector under the governmental control. The government used the negative attitude of Russian population towards the so-called oligarchs, who got control of a number of Russian industries by abusing the imperfections of the privatization reform. In the similar logic, the development of Russian legislation on strategic industries, which limits the possibility of foreign investors in the Russian energy industry, has been supported by the population because of traditional skepticism towards the participation of Western capital in the Russian economy (see Chapter 3).

National identity plays an important role in the development of the energy policy in the EU as well. The EU struggles to develop a Common European Energy Policy for a number of reasons, including the social differences: the EU does not have a single identity, but consists of the separate identities of the individual member states. For example, some of the Central European states see Russia as a danger to the EU's energy policy. There are a number of reasons for such a position, including the energy supply shortfalls in the 1990s and in the second half of the 2000s, but they are also affected by the national identity and collective memory of these countries. This thesis used the example of Poland: the negative image of Russia is rooted in Polish national identity and history. This image has been formed through the centuries of military conflicts between Russia and Poland. For a long time Russia had been a constant threat to Polish national security. Poland sees itself as a bulwark of Europe,

the state which for a long time protected Western Europe from the Russian threat. After joining the EU, Warsaw intended to use its knowledge of Russia to shape European policy towards Russia. Poland tries to promote a more united policy towards Russia. Poland as well as some other Central and Eastern European States argue that "Russia [intends] to take over internal generation facilities and distribution networks in Europe, linking them to the larger supply networks, thus dominating a chain that would eventually put Russia in a politically advantageous position" (Closson, 2009: 100). As it has been mentioned above, the EU consists of the individual identities of different member states. Polish suggestions are clashing with the interests of other European member states, which do not share Polish collective memory with regards to Russia, and therefore the Polish vision of the European energy policy towards Russia. On the contrary, some of the member states established strong bilateral relations with Russia (Germany, France, Italy). Russia responds to the differences within the EU by promoting its interests on the bilateral level, and, consequently, undermining European attempts for Common European Energy Policy.

As has been demonstrated above, symbolic power is used by the governments in the securitisation process. Aradau writes that securitisation can be successful only if the audience can understand and relate to the reasoning for extraordinary actions (Aradau, 2004: 400). That is why the securitising actors often appeal to shared knowledge for the speech act to be successful. This thesis used media analysis of Russian and European media as an example of the negotiation process between the securitising actor and the audience. Chapter 4 provides a detailed quantitative and qualitative media analysis of the printed media in Russia and the UK, and to support the argument the broader analysis of the European media frame is conducted to demonstrate how EU-Russia energy relations are presented in different EU member states. In the Russian case, the majority of the newspapers selected are known for taking a pro-governmental position. British newspapers, at the same time are more independent from the state, but they still do have unofficial political affiliation. European media sources selected present a variety of political perspectives and are aimed at a variety of audiences. The media analysis focused on how the January 2009 energy crisis caused by the pricing disagreement has been presented to Russian and European audiences. Russian printed media created the media frame, which demonstrated an internal political struggle within Ukraine as the main reason for the crisis. Russian actions

were presented as justified and efficient. The media frame created by European sources explains the same events differently. Russian actions are criticized for a violation of contract obligations and for the use of a 'political weapon' to influence the internal politics of Ukraine. At the same time, the urgency and importance of the diversification of energy supplies for the EU has been emphasized.

Both Russian and European media referred to shared knowledge of the audience to justify their position. Russian newspapers explained the Russian position by the refusal to subsidize the economy of other states at Russian expense. This message relates to the desire of the Russian public to see the return of Russia as a strong actor in international relations as compared to the weak Russia of the 1990s. European media also connected the European position with the everyday practices of the audience and emphasized the vulnerability of the energy consumers in Europe to the controversial policy decisions of the energy producers. Behnke explains how national identity could be used in security construction: "states constantly produce and reproduce their national identities through discourses of in/security, in which the possibility of community and order on the inside is constituted through the construction of the outside as different, dangerous and disorderly" (Behnke, 2006: 64). The media frames constructed by Russian and European media are examples of the use of the 'Other' in justification of the securitisation of energy trade.

Consequences of the securitisation process

The securitisation of energy trade threatens the future development of EU-Russia energy dialogue. Both Russia and the EU overlook interests of each other and focus on their own priorities in energy relations; at the same time there is no coherent international agreement between Russia and the EU, protecting the interests of both energy producers and energy consumers. The EU and Russia are highly dependent on each other: Russia for the revenues from the European market, and for the impetus for technological innovation which EU investment provides, and the EU depends on Russia for around 40 percent of its total energy requirements. It is unlikely that both sides would be able to reduce dependence on each other in the near future (Proedrou, 2012: 77). Nevertheless, the securitisation of energy trade resulted in a lack of trust between Russia and the EU, and both sides are concerned with the potential diversification strategies rather than on strengthening and harmonizing

existing relations. The EU tries to bring new energy suppliers to the European market (for example, Central Asian and Caspian states). However, the situation around the NABUCCO pipeline (described in Chapter 5) proves that it is difficult to diversify gas supply. At the same time, Russia wishes to diversify its exports and to enter the Chinese market. However, despite the long-lasting negotiations with China, Moscow and Beijing are failing to reach an agreement with regards to price.

Possible solutions

In a doctoral thesis, it is perhaps risky to anticipate the future, and the main claims to the originality lie in the analysis and the range of sources used. But the policy analysis here logically suggests (although they do not formally entail) the discussion about policy options and de-securitisation which the previous chapter includes. Although tentative, these are the valid parts of the conclusions. De-securitisation should be the first step towards normalisation of energy trade. Chapter 5 of this thesis suggested three levels of de-securitisation: the Russian level, the European level, and mutual effort at the international level (p. 202-208). The liberalization of the Russian energy sector may ensure Russian energy security in the long-term, by providing additional financial support for the development of infrastructure and so needed investment in new oil and gas fields. At the same time the greater openness of the Russian energy industry to foreign investors may improve the Russian image in the EU. If the EU member states would see Russia more as a partner rather than a potential danger, it may reduce securitisation from the European side. From the other side, if the EU would consider "relaxing the market and competition principle [it] may be a way ahead in order to deal with Russia more effectively" (Aalto, 2009: 177). On the international level, both Russia and the EU need to focus on the development of a coherent international agreement, which would consider both the interests of energy consumers and energy producers. Continuing negotiation of the ECT might be a way ahead.

Limits of research and potential for future studies

EU-Russia energy relations are developing, and the conclusions made in this thesis are based on the research conducted up to July 2012, and might need updating in the future as a result of new energy policy developments. This thesis claims that the securitisation of energy trade between Russia and the EU is a relatively recent phenomenon (started in the early 2000s). It

would be useful to look at how this process would develop over the longer period of time. There are some other limits of this research which could be addressed in future work. The subject of EU-Russia energy relations is very broad and this study could not cover all the aspects of it. For instance, the complexity of the EU structure and the different priorities of the individual member states in energy security have been considered in this research by looking at the interconnection of the energy policies of different member states and the energy strategy of the EU as a whole. However, the case studies of only two member states (Germany and Poland) have been studied in detail, due to the practical limitations, such as time, access to information and financial resources. Perhaps future work could analyze the energy policies of a bigger number of the individual member states. Furthermore, the discussion on de-securitisation creates a potential for further studies as well. One of the possible ways to enforce the de-securitisation of EU-Russia energy relations, which could be addressed in future studies, is to analyse the potential benefits of EU-Russia cooperation on energy efficiency as a way to decrease securitisation. Some of the limitations in data collection should also be acknowledged. In particular, the interviews with top officials and businessmen directly involved in energy trade and energy policy development in both Russia and the EU provided valuable and original information. However, due to the sensitive nature of energy security, some of the potential interviewees preferred not to participate in this research.

While reflecting on the research process, it is important to mention reflexivity and the positionality of the researcher, and the influence of personal values on the interpretation of research findings. It is impossible to be completely objective for the researcher who is engaged with academic inquiry. The post-positivist approach acknowledges the importance of researcher's values for shaping research practice and design. Etherington defines reflexivity as "the capacity of the researcher to acknowledge how their own expenses and contexts (which might be fluid and changing) inform the process and outcomes of inquiry" (Etherington, 2004: 31). Lynch writes about the importance of positionality the following terms:

> "whether acknowledged or not, the questions asked, the methods followed, and generally the way the questions and methods shape the research findings. This intentionality and ethical stance cannot be separated from the research procedures or

results" (Lynch, 2008: 711).

That is why it is important to reflect on the effects of my personal values on the research process. My own beliefs and values affected the research process. Recognising this is an essential part of the critique in 'critical theory, not merely an appendage to it. It was important for me to present an in-depth analysis of domestic political and economic developments in Russia, which inform construction of Russian external energy policy, and contrast this with the explanations of EU-Russia energy relations based on the interests of the consumer (the position dominating in the European literature). This allowed me to present a distinctive overview of EU-Russia energy relations, and to explain the roots of the securitisation process. My personal history also affected the planning of my field work in Russia; it was possible to find interviews in the Altai Territory, because of my personal connections to the region. It is also important to mention, that initial personal assumptions on the EU-Russia energy relations evolved during the reseach project. Giddens writes that "reflexivity means world of self-monitoring" (Giddens, 1990:133). The analysis of Western literature on the subject as well as interviews conducted in Belgium and Germany allowed me to look at Russian policy more critically, and address its weaknesses in Chapters 2 and 5.

Originality

It is important to summarize the exact claims to originality made in this thesis:

1. EU-Russia energy relations are discussed at length in the academic literature. This thesis is distinctive, because it provides a balanced overview of the subject by taking into consideration both Russian and EU perspectives, as compared to the existing literature, which usually presents either a pro-Russian or pro-EU perspective, depending on the background of the author (p. 19-26).

2. The thesis is original in the choice of theory. The research is grounded in the distinctive interpretation of the securitisation theory, which is based on the critique of the Copenhagen School of Thought by such authors as Balzacq. This theoretical approach has never been applied to this problem before, and it allows us to open the subject from a new angle, by taking into consideration the combination of political, economic, and cultural contexts as well as different levels of the securitisation process.

3. The methods used for collection of data and its interpretation contribute to the originality of this thesis. For example, the interviews conducted in the Altai Territory provided a significant contribution to the discussion on the diversification of Russian energy demand (Chapter 5). The discourses (in Russia) on the potential consequences of the construction of a gas pipeline to China have not been discussed in this detail in the Western literature before. This discussion provides an invaluable contribution to the development of the argument in Chapter 5. Other interviews collected with policy-makers, energy companies, experts, and NGOs in Russia, Belgium, and Germany also provided significant contribution to the development of the argument. The data collected on the price disagreements with Ukraine, the ECT and FDI in the Russian energy sector underlined the clash of interests of different actors and different interpretation of the historical, political and economic contexts, which results in the securitisation of energy trade. The media analysis of Russian, British and the European media sources also present original results. Full list of original sources, including the interviews could be found in the list of bibliography.

4. Finally, this dissertation presents an original argument: the problems faced by Russia and the EU in energy relations result from the complex and multi-layered securitisation process. A number of actors (the governments, international institutions, large energy companies) are interested in the securitisation for different reasons, which are not necessarily directly connected with the production and consumption of hydrocarbons. Moreover, Russia and the EU do not always accurately interpret the motives behind the new developments of each other's' energy policies, and this misperception also contributes to the securitisation process. Besides the obvious risks in EU-Russia relations (transit related problems, investment in the development of new gas fields). The securitisation process is embedded in and shaped by the broader socio-cultural contexts. For instance, Poland traditionally sees Russia as a threat to its national security, and since its admission to the EU, Poland has promoted a more united policy towards Russia. At the same time, despite the common European assumption, Russia does not rely on energy as a foreign policy tool. On the contrary, the foreign policy is (to some extent) a tool of Russian energy policy, which is seen as a way to reconstruct the Russian economy and to ensure

political stability. For the securitisation process to be successful, it should be negotiated to the audience. The securitisation process resulted in a lack of trust between Russia and EU, and supply/demand diversification. This thesis demonstrates that the EU-Russia energy relations would benefit from managed de-securitisation and moves towards the international governance of their energy relations (via institutions and international agreements).

There is, as this thesis has noted a number of times, a considerable literature on EU-Russia energy relations. However much of that discussion is relatively untheorised, and much of the rest is rooted in more biased assumptions about the relationship learning to one side or another. The author cannot pretend that she has avoided all bias, but she does argue that a more nuanced and carefully sourced analysis grounded in a more sophisticated theoretical approach provides an analysis which more compellingly does justify to the complexity and dynamism of the EU-Russia energy relationship, and in turn provides more solid grounds for thinking about how it might be de-securitised in future.

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