

Chapter 1

Changing Patterns in Sino-Russian Energy Relations and Their Implications for European Energy Security



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1.1 Introduction

The year 2014 was an eventful one for the European Union (EU) and its energy security. Shaken by the Ukraine crisis, the annexation of Crimea and the ‘Power of Siberia’ gas deal between China and Russia, the EU considered the possible consequences of these events on its security of energy supply in the European Energy Security Strategy and the European Commission’s proposal for an energy union. Throughout the evolution of European energy policy, a trend of gradual Europeanisation is evident. Thereby, certain recurring issues on a supranational and Member State level, such as competing national interests, multi-level governance deficiencies, energy dependency have influenced its development. Simultaneously, strong reactions to Russia’s behaviour, as the EU’s single largest energy supplier, are noticeable. As China is Russia’s alternative, or additional, buyer of large amounts of resources, it is debatable if this Sino-Russian relationship has an influence on the Europeanisation trend in energy policy. This chapter investigates if Sino-Russian energy relations impact European energy security and how, why and to what extent the recent developments in Sino-Russian energy relations have impacted the EU’s energy security. In view of Buzan and Wæver’s regional security complex theory, with energy security as an additional dimension, the EU is theorised as a developing regional energy security complex which is penetrated by the changing patterns in Sino-Russian energy relations. Thereby, the internally induced factors of European energy security (five at the Union level) and externally induced factors (the two Sino-Russian energy relational patterns) are considered. The patterns in Sino-Russian energy relations do impact

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the EU and its energy security. In fact, they have, to a certain extent, accelerated the Europeanisation of energy policy for the benefit of collective security.

1.2 European Security and the Energy Factor

The timing of the ‘Friendship Treaty’ agreed between China and Russia during the Ukraine crisis, the simultaneous signing of a \$400 billion USD gas deal, and Russia’s intention to double bilateral trade with China by 2020, is noteworthy (Barkin and Rinke 2014). This development is interesting for the European Union’s (EU) energy security, when we take into account the Ukraine crisis, the consequent sanctions and the potential competition for Russian resources with China (Stang 2014). The 2014 European Energy Security Strategy (EESS) highlights energy security as significant for its security and prosperity, and identifies Russia and the EU’s dependency on Russian energy supplies as key challenges. As the EU increased its energy security, it started a trend of Europeanisation, however, it remains vulnerable to external shocks. Although Russia has historically been the ‘challenger’ in energy security, China’s role in this respect is gaining in importance. Thus, the bilateral patterns in the Sino-Russian energy relationship and their implications for European energy security are investigated: Do Sino-Russian energy relations impact European energy security? How, why and to what extent do the recent developments in Sino-Russian energy relations affect the EU’s energy security?

To provide answers to these questions, an analytical framework based on the regional security complex theory of Buzan and Wæver is used. A Regional Security Community (RSC) is ‘a set of units whose major processes of securitisation, de-securitisation, or both are so interlinked that their security problems cannot reasonably be analysed or resolved [individually]’ Buzan and Wæver (2003). They are designed by fears and aspirations, thereby patterns of amity and enmity shape them based on *roles* (enemy, rival, friend), which are expressed in geographically coherent patterns of security interdependence, affected by historical relations or civilisational areas. Thereby *penetration* is the connection between global powers and the RSC (Buzan and Wæver 2003, pp. 45–48). The EU stands out as a *centred region integrated by institutions*, through the development of a security community, de-securitisation occurs and units behave as friends, therein problems are solved as ‘normal political, economic, environmental, and societal problems—not as matters of security’ (Buzan and Wæver 2003, p. 55). The end of the Cold War brought ten new security challenges to Europe, but Buzan and Wæver excluded energy security in their listing of these security challenges (Buzan and Wæver 2003, pp. 356–361). Despite the analytical strength of their framework, this chapter argues that energy security cannot be neglected today. Traditionally, energy security is defined as the ‘availability of energy at all times, in various forms, in sufficient quantities and at reasonable prices’ (Meidan 2008, p. 34). The RSC theory is conducive for assessing the case of European energy security because it allows us to look at the EU as a (developing) Regional Energy Security Complex (RESC); its external *penetration* concept

allows us to locate the changing patterns in Sino-Russian energy relations within the EU's RESC; and it connects regional (EU level) with unit level (Member State level) analysis. Thereby, the internally induced factors of European Energy Security (five on the EU level)¹ and the externally induced factors (the two Sino-Russian energy relation patterns) are taken into account. It is argued that the existing trend of the Europeanisation of energy policies is amplified by Sino-Russian energy relations.

1.3 Phase 1: Russia's Advantage (2000–2008)

China and Russia appear to be ideal partners; besides the geographic proximity of the countries, their supply and demand structures are complementary. Nevertheless, significant bilateral cooperation between the two developed slowly, with Russia initially approaching China about a cross-border oil pipeline cooperation in 1994 (Yu 2003). Due to China's domestic circumstances, this option only became feasible after the Asian financial crisis (1997–1998) when the country became a net oil importer, based on a combination of increased demand and very limited domestic resources, as China owns only 1% of gas and 2% of the world's oil reserves. China's 'Going Out Policy' (走出去战略) highlights the importance of energy security (Shi 2008, pp. 137–143) and its 'Twenty-first Century Oil Strategy' aims at diversifying suppliers, decreasing foreign oil imports, establishing national reserves, more efficient consumption and cleaner energy sources (People's Daily 2002).

Russia had an advantageous negotiating position on energy, due to the rising price of oil from 2000 onwards and China's growing demand and increasing preference for overland supply. Furthermore, Russia's bargaining power was enhanced by a combination of factors including the Russian rouble's devaluation (Wilson 2004, p. 84), the power projection policy through energy supply earnings, the diversification of buyers for political leverage, flexibility and profits, and the steady increase in oil production since the early 2000s (Downs 2010, pp. 150–151). While China's energy market was restructuring towards cleaner technologies, such as the consumption of natural gas and oil, imports were still necessary (Downs 2010, p. 148) and domestic oil production was insufficient. Furthermore, domestic oil prices, once pegged to international prices, increased and demand for imports rose (Zha 2006, p. 180). Geopolitically, energy market latecomer China faces challenges in its search for a secure supply as available resources are often located in unstable or conflict-prone regions, and any resources shipped have to pass through the increasingly unpredictable South China Sea (Amineh and Guang 2012, pp. 27–28). This results in its state-owned enterprises (SOEs) aggressively pursuing resources abroad, searching for maximised long-term supply through control (Blank 2005, p. 102) and partnering with other energy-producing/consuming countries (Shi 2008, pp. 142–143). Thus,

¹The initial paper included a second Member State level of analysis on the pattern's impact on Germany, but no direct impact on Germany was found, explainable through the strong reliance of Germany on Russia through direct pipelines.

overland suppliers like Russia and Central Asia, who possess 37% of global gas reserves, are prioritised, moving up from their position as ‘strategic backup’ (Ziegler 2006; Downs 2010). This prioritisation is very much in line with Russia’s focus on diversification of buyers, as outlined in Russia’s ‘Energy Strategy up to 2020’ that was published in 2000 (Wilson 2004, p. 85). Vladimir Putin, then Prime Minister, declared construction of an oil pipeline with China a priority in 2000 (Wilson 2004, p. 69) and Russia played the ‘China card’² in price negotiations with Europe (Lo 2008, pp. 138–141). However, Russia’s goal of exerting autarchic control and price manipulation to remain a monopolistic producer, contradicted China’s shared equity strategy.

Despite the incentives for cooperation, the countries’ track record demonstrates the challenging nature of this relationship. First, the realisation of the Angarsk—Daqing pipeline, was prevented by Russian reservations in 2002 about a single customer pipeline, the consequent dependency on China and the involvement of the private oil company Yukos. Despite eventual deals between Yukos and China National Petroleum Corporation (CNPC) in 2003, succeeding developments troubled the Chinese; Yukos’ CEO was arrested, the company was dismantled and the pipeline modified to include a leg to Japan. The latter allayed Russian concerns, as it would involve selling oil via a pipeline to two new customers and involved the less developed Russian Far East (Downs 2010, pp. 152–157). Moscow’s manoeuvring typifies the ‘depth of bilateral mistrust’ (Itoh 2011, p. 157). A second proposal for Russia to export to China and South Korea failed due to China’s disinterest (high costs and Gazprom’s pipeline monopoly) and geopolitical games with the EU in simultaneous negotiations, which Russia put down to financial disagreements (Downs 2010, pp. 152–153; Wilson 2004, p. 84). Thus, for Russia this pipeline project ‘testifies to its geopolitical manoeuvre concerning energy’ (Itoh 2011, p. 33).

Increasingly frustrated by Russia’s tactics, China strongly diversified its energy suppliers from Central Asian countries (Herberg 2009, p. 292). They provide the same geopolitical advantages but are less concerned about Chinese influence on domestic policies (Downs 2010, p. 157), prices and turning into ‘China’s source for raw materials’ rather than an equal partner, furthermore these suppliers allay China’s concerns regarding a strong energy dependency on ‘unreliable’ Russia. For Russia, the Chinese competition in its ‘sphere of influence’ is bothersome, as its ‘Energy Strategy up to 2020’ (2000/2003) strongly highlights state control and the use of energy as a political tool, which can be used with members of the Commonwealth of Independent States (CIS) where the neo-imperialistic interpretation of strategy emphasises leverage and power over these states (Blank 2005, pp. 102–107; Wilson 2004, pp. 85–106). This is further fanned by the need to sustain economic growth and freedom of manoeuvre. Thus, as China diversifies suppliers in Central Asia, intensified by the 2006 Ukraine crisis and memories of the Sino-Soviet conflict in the 1960s (Itoh 2011, p. 41), it also ‘increased its bargaining power *vis-à-vis* Russia’

²Playing the ‘China card’ refers to a negotiation tactic employed by the Russian negotiators to emphasise China’s interest to buy Russian resources, mostly in negotiations with European countries.

(Itoh 2011, p. 35; Eder 2014, p. 56) by undercutting the latter's influence in the region.

To summarise, the energy relationship between China and Russia is a 'protracted and uncertain courtship' (Downs 2010, p. 146). Both are interested in achieving deals, but since China realised that negotiations with Russia are difficult and their outcome unpredictable, it has diversified its efforts. Russia's mistrust and its pricing 'games' with Europe and China weakened its position, especially towards the end of this phase.

1.4 Phase 2: Growing Chinese Advantage (2008–2014)

Russia suffered grievously as a result of the 2008 global financial and economic crisis, as the country's energy-export-led economy caused it major financial problems. Indeed, the crisis was a 'turning point' (Yang 2010 in Eder 2014, p. 52) in Sino-Russian energy relations, as investment shortages stimulated greater cooperation between the two countries (Itoh 2011, p. 32). China's superior financial situation caused the balance of power to shift; in 2009 it provided Russia with a series of long-term development loans for infrastructure projects in return for long-term supply contracts (Pradeep 2009, p. 268). The crisis resulted in the increased dependency of Russia on China and joint investments and greater cooperation between Central Asia and China (Eder 2014, pp. 53–56; Itoh 2011, p. 33).

In 2014, China faced a foreign policy dilemma concerning Ukraine, but due to potential energy contracts with Russia and the importance of bilateral relations, Putin's behaviour was tolerated by China (Godehardt et al. 2014, pp. 1–4). Putin's visit to China focused on upgrading bilateral relations and finalising the 'Power of Siberia' pipeline deal after 20 years of negotiations (Yu 2014a, p. 131), paving the way for a Friendship Treaty. Retrospectively, the 'Ukraine factor ... added urgency to the goal of closer coordination' (ibid.). Indeed, with Russia facing European and American sanctions, the focus of the trip was clearly economic, highlighting the dynamics of *realpolitik* in the Sino-Russian relationship (Freire and Mendes 2009). Despite observers' scepticism due to price issues, the pipeline deal was reached as a result of Russia's need to mitigate the crisis (Yu 2014a, p. 134). Construction of the pipeline was launched quickly (Yu 2014b, p. 125), and the pipeline may send China the equivalent of Russia's current supplies to Europe within ten years (Yu 2014a, p. 133). To further illustrate Russian eagerness, a second deal capable of doubling the gas supplied, the 'Altai/Power of Siberia 2' pipeline, was negotiated, which would allow Russia to become a true 'swing supplier between Europe and Asia' (Feng 2014). A framework agreement was signed in 2014 but because of China's economic slowdown, it was delayed indefinitely. Needless to say, Russian eagerness provides China with great leverage (Shek et al. 2014).

In summary, this phase is characterised by Chinese irritation, the search for alternative suppliers and the repercussions of the crisis. Consequent to the dispute with the EU and USA, Russia found in China a good option for fulfilling its customer

diversification (Verlin and Inozemtsev 2011). Simultaneously, this need also created an increasingly asymmetric relationship (Klein 2014). Awkwardly for Russia, this happened while China was successfully diversifying its own suppliers (Rudolf 2014; Wishnick 2010), thereby reducing Russia to a ‘junior partner’ (Klein 2014, p. 6).

1.4.1 Factors in European Energy Security

1.4.1.1 Import Dependency

The EU faces an energy import security challenge due to insufficient domestic resources, high consumption and insufficient energy production. Together, the Member States possess about 0.6% of the world’s oil, 2% of gas and 7.3% of coal reserves (Umbach 2008, p. 13). Since 1995, the EU’s import dependency on all fuel types has increased, due to the EU’s domestic decline in production and growth in imports, thereby Russia is by far the largest exporter of gas, crude oil and liquefied natural gas (LNG) to the EU. In fact, the volume of Russian exports to the EU increased more than 4.5 times (1990–2012), to the point where by 2012, Russia provided 34% of crude oil, 32% of gas and 26% of solid fuels imports of the EU’s total imports of these resources. This resulted in an import dependency of 53.4% for all fuels in 2012 (European Commission 2014b, pp. 24–66). Thus, Europe increased its energy *insecurity* in this period. Further exacerbating the asymmetrical relationship is the fact that many other energy suppliers to the EU are either unstable states, or are located in unstable regions. Disturbances, such as the Arab Spring and the Ukraine crisis, the obstruction of production, blockage of transit networks and important choke points and the consequent sharp price increase, are a constant fear for the EU (Amineh and Guang 2012, 4; Commission of the European Communities 2007).

1.4.1.2 Incoherent Liberalisation Policies

The EU’s incoherent liberalisation policies are strongly connected to its set-up. ‘Energy’ is a shared competence as outlined in the Lisbon Treaty (European Union 2012, Art. 4), still competences are mostly limited to infrastructure, environmental and internal-market-related issues. Pre-Lisbon the EU could *de jure* not act on energy policy, although the importance of energy for the stability and prosperity of the EU was *de facto* recognised in connection with climate change and internal market policy (European Commission 2000). Consequently, even post-Lisbon the EU’s competences are limited, until an energy union is established or rights are transferred to the EU. However, the EU’s sole responsibility for the energy infrastructure and the functioning of the internal market creates a scope of action for energy security, such as completing important infrastructure projects.

1.4.1.3 Competing National Interests

In the EU, energy supply structures partially explain diverging national opinions and strategies. Baumann and Simmerl (2011) identify four geographic fossil fuel supply energy regions: Northern/Central Europe, Adriatic/South Eastern Europe, Central/Eastern Europe and Western Europe. Although Member States from Northern/Central Europe, Adriatic/South Eastern Europe and Central/Eastern Europe are highly dependent on imports from the former Union of Soviet Socialist Republics (USSR), the non-ex-Soviet states have since diversified their suppliers. Countries from the Adriatic/South Eastern Europe receive additional supplies from Africa and the Middle East, while Central/Eastern European Member States lack an alternative supplier and are extremely dependent on Russia. As Western European countries, with the exception of Germany, do not enjoy strong energy ties with Russia, they rely on intra-European suppliers and imports from Africa, the Middle East and Latin America (Baumann Simmerl 2011, pp. 14–15).

These ‘energy regions’ have a decisive effect on national interests and expectations regarding policies, e.g. the Central/Eastern Member States worry about Russian dependency, thus favour a common policy for collective security. In addition, a state’s relationship with Russia, both in the light of it being the single largest energy provider and the historical context of the two countries, influences national preferences. Generally, the ‘old’ Member States are more accommodating and tolerant of Russian behaviour than the ‘new’ ones, which are suspicious of Russia and deeply disdain the use of energy as a weapon (Walker 2007). Additionally, national strategies and decisions on the energy mix, especially nuclear energy, highlight diverging opinions (Amineh and Guang 2012, p. 21). Whereas the United Kingdom (UK) favours a strong market-based policy, Germany is sceptical of the market, advocating steering. This was illustrated in July 2007 during a European Parliament debate on unbundling. Germany, France and several new members argued against the Commission’s proposal of further liberalisation, which was supported by the UK, the Netherlands and the Scandinavian countries (Eikeland 2011, pp. 31–32).

1.4.1.4 Inability to Create a Common Foreign Energy Approach

Although the Commission and some Member States tried to establish a common energy policy, the Commission (European Commission 2000) addressed the asymmetry between the EU’s import vulnerability and its lack of tools to ‘negotiate and exert pressure’. Since then, a process has been achieved through treaties, e.g. the Memorandum of Understanding on energy cooperation with Ukraine in 2005. However, the cutting-off of gas to Ukraine in 2006 drastically highlighted the EU’s vulnerability and the need for a common external policy (Jegen 2014, p. 8). Suggestions like Poland’s ‘Energy NATO’ and the 2006 Green Paper emphasised the need for a common external policy (European Commission 2006). The ‘wake-up call’ (Ferrero-Waldner 2006) initiated a focus on energy security by incorporating it in all external policies and stepping up energy cooperation with Turkey, 7% (€22

million) of the Commission's post-2007 external budget was allocated to 'energy', and an energy unit was created within DG RELEX. Finally, by agreeing to the 'Third Energy Package', Member States accepted the Commission's path towards a common energy policy, codified in the Lisbon Treaty: the new DG Energy consisted of energy and foreign policy personnel, appointing separate Commissioners for Energy and Climate Change, and the DG Energy leading energy policies' external dimensions (Youngs 2011, pp. 44–46). However, according to the Commission (European Commission 2015b), 'the absence of a common stance *vis-à-vis* non-EU countries' is one of the three current challenges to the EU's energy security.

1.4.1.5 Multi-level Governance Deficiencies

European energy policy involves many players at various governance levels and challenges such as competing interests, implementation challenges and lowest common denominator decisions. Specifically, competing national interests, conflict amongst EU departments as reflected by overlapping energy and climate policies, and divergence between EU institutions and groups of member states, play a significant role. Additionally, the International Energy Agency (IEA) (2014) found that asymmetric implementation of directives is a major challenge and creates a more divergent internal market.

1.5 Impact on the EU's Energy Security

1.5.1 *Period of Russian Advantage (2000–2008)*

For the Commission, the harmonisation of the internal market necessarily involves a common internal and external energy policy; thus building collective energy security, while supporting the development of the RESC with itself at its centre. In 2000, the Commission (European Commission 2000) was concerned that without the tools to 'negotiate and exert pressure' (*ibid.*) the EU remained vulnerable to external shocks. Therefore, it developed a strategy for supply security and reducing external dependence, identifying environmental and climate concerns, and development of the internal market as the main concerns. As an exclusive Member State competence, the lack of political consensus made common action challenging. To mobilise the Member States, the Commission launched a debate, resulting in a Green Paper drawing up an external long-term strategy, and the 'Second Energy Package' which completed the internal electricity and the gas markets in 2003.

Efforts to increase external coordination started before the Ukraine and Georgia conflicts in 2006. For example, the EU–Russia energy dialogue established in 2000, but, it 'degenerated into a technical talk-shop between semi-empowered, semi-interested technocrats' (Talseth 2012, p. 3). In 2003, the European Security Strategy

(ESS) referred to energy dependency as a 'global' (Council 2003, p. 3) not a key EU challenge, neglecting geopolitics. Nevertheless, the 2005 UK Presidency managed to achieve an agreement on coordinating external energy relations (Youngs 2011, pp. 42–43). The 2005/6 Ukraine crisis and the gas shortages in Ukraine and Georgia accentuated the need for an external strategy, as media coverage highlighted the EU's vulnerabilities and, the public became aware of Russia's use of energy as a political tool (Jegen 2014, p. 8), with the actions being interpreted as a 'clear warning of Moscow's willingness to use its energy resources to exert political influence' (Smith 2007, p. 1). A subsequent Green Paper in 2006 re-established the debate and created a new energy policy, based on 'sustainability', 'competitiveness' and 'security of supply', including a regular Strategic Energy Review (SER) (European Commission 2006). However, a struggle was evident (Smith 2007, p. 2), as competing national interests as well as German and French resistance, prevented successful 'unbundling' (Amineh and Guang 2012, pp. 14–15). Nevertheless, many Member States started to develop group affiliation to the RESC. Although pushed by Russian behaviour, the strategy is not directly linked to Russia, instead the challenge of energy insecurity is approached from a broader perspective, based on the energy triangle.

These moves were criticised as a 'brief flurry' (Smith 2007, p. 1) stemming from the re-emergence of 'economic nationalism' (Vos 2006). Furthermore, the EU-15 questioned whether energy solidarity should extend to new members and Poland was not supported in pressuring Russia to ratify the Energy Charter (Smith 2007, pp. 1, 5). Rather Russia used its monopoly and the 'China option', to prevent being forced to ratify the Charter (Lo 2008, p. 138). The EU's discord can be explained within an emerging RESC; since security cannot yet be guaranteed in the short and medium-term, as energy security is essential to national security, states do not challenge a monopolistic supplier.

Commissioner Ferrero-Waldner (2006), the Commission and the Benelux states emphasised that energy policy should be incorporated in the EU's broader policies and the European Neighbourhood Policy (ENP) (Benelux States 2007; Commission of the European Communities 2006). The consequent prioritising of energy forced Member States to consider the external dimension of energy security, emphasised in the first SER, which highlighted key challenges, e.g. predictability and reciprocity, an energy supply solidarity mechanism and strengthened European coordination (Commission of the European Communities 2007, pp. 18–19). Moreover, the first Commission-driven energy action plan (2007–2009) was based on diversification of suppliers, crisis response mechanisms, transparency and an assessment of energy import patterns (Youngs 2011, p. 46). The Commission, as its central institution, pushed the development of the RESC from policy areas related to energy, such as climate and internal market policies, thus, indirectly increasing collective and comprehensive energy security.

High oil prices in the mid-2000s, Russia's periodic conflicts with Ukraine, consequent disruptions of supply and the threat of terrorist attacks on pipelines have all pushed energy to the top of the EU's foreign policy agenda. During this period, the Sino-Russian relationship was dominated by Russia's 'mood swings', with no direct EU–China energy link. The 'China factor' did not play a very significant role

for European energy security, although a strategic rivalry with China was expected in Africa and Central Asia (Meidan 2008). However, the delayed detection of the significance of external energy security and the tendency of ‘old’ Member States to trust Russian supply prevailed.

1.5.2 Period of Growing Chinese Advantage (2008–2014)

The ‘Third Energy Package’ led to the modernisation of energy networks, establishing intra-EU-connections; European oversight; the inclusion of new technologies and energy sources; new supply routes; and improved frameworks for supply and transit countries (European Commission 2009a). This caused further institutionalising of the RESC and dismantling of incoherent liberalisation policies. In 2009, the Member States accepted the ‘drive for a common energy policy and approved an explicit link between climate and energy policies’ (Jegen 2014, p. 7), thereby progressing towards collective security and the RESC. Convery (2009) argues that the development of an energy policy that focused on a competitive, secure and sustainable supply was driven by Moscow’s actions and the Kyoto Process. Thus, the Commission could create a coherent, broadly supported framework (Jegen 2014, p. 8). Furthermore, since the introduction of the 20-20-20 targets in the Climate and Energy Package (2009) the EU is ‘increasingly defining energy choices by setting [concrete] targets’ (Amineh and Guang 2012, p. 19) and burden sharing. The linkage was reaffirmed in 2013/14 with the ‘2030 Framework for Climate and Energy’, through drastic emission cuts, binding targets and the promotion of renewable energy production (European Commission 2014a, 2015a). This indicates a shift towards collective security and the slow de-securitisation of energy policy, which could in part be achieved thanks to the EU’s increasing energy independence due to domestic renewable energy production.

The Lisbon Treaty codified energy as a shared competence, and the strengthened position of the High Representative was partially supported to increase unity on energy policy. Some responsibility was transferred towards the centre, highlighting the partially developed RESC, but energy policy remains dependent on the Member States. This Europeanisation can be explained in part by geopolitical concerns and external factors (Youngs 2011, p. 46). These factors included the changing Sino-Russian patterns, the large-scale energy and infrastructure deals between Russia and China since 2008, the increasing assertiveness of Chinese foreign policy since 2007 and the shifting of attention towards building common measures and policies (He and Feng 2012), which in turn contributed to the RESC and increased collective security.

The disruption to gas supplies to Ukraine in 2009 highlighted the need for a ‘Third Energy Package’, resulting in further liberalisation, including the unbundling of energy generation, transmission and distribution; increased oversight and cooperation amongst national regulatory agencies; and the establishment of a weak Agency for the Cooperation of Energy Regulators (ACER) (European Commission 2009b). Despite its necessity from a collective security perspective, the incomplete de-securitisation of energy still resulted in national energy security taking prece-

dence, e.g. disagreements over unbundling, and the failed ‘Gazprom clause’, and 25 infringement procedures in 2009 due to protectionism, thus, the EU failed to *ex ante* prevent Russian market domination (Youngs 2011, pp. 49–50). In contrast, the more unified Russian ‘2020 Energy Strategy’ that was published in 2010, cited Russia indirectly as the ‘most immediate geopolitical concern’, and justification for a pan-European energy market and good relations with non-EU suppliers as well as transit countries (Amineh and Guang et al. 2012, p. 16).

In response to the annexation of Crimea, in 2014 the Commission drafted the EESS and an Energy Union. The former clarifies vulnerability to supply shocks and disruptions; the need to reduce dependency on certain suppliers, particularly Russia; energy types and routes (European Commission 2014c, p. 2); and the need for a collective approach through a real internal market, greater cooperation and ‘more coherent external action’ (European Commission 2014c, p. 3) and solidarity. Donald Tusk, President of the European Council, had already suggested facing Russia collectively in a Financial Times article in spring 2014 (Tusk 2014). The Commission’s (European Commission 2015b) institutional solution, the Energy Union, is the logical next step in light of previous policies. Developments including the ‘increasing European uncertainty over Russian energy supply ... [due to] Russia’s current rapprochement to China ... directly threaten European energy security’ (Brow 2014, p. 2), made this institutional solution possible. Thus, Sino-Russian energy cooperation accelerated Europeanisation, i.e. the institutionalisation of energy policy, towards the full establishment of an institutionalised European RESC. However, Western sanctions gave Russia incentives to close its long-negotiated deal with China. Interestingly, the EU prioritises punishing Russia, over its own energy security; although an imprudent reaction, the EU simultaneously creates collective structures in order to increase its energy security.

A clear shift in policy is evident; the EU’s position becomes more dominant, as the Member States realise that only collectively and through cooperation at the EU level can real security be achieved (Amineh and Guang 2012, p. 19). The Energy Union can be understood as a response to penetration of the EU’s RESC through the bilateral Sino-Russian energy relations, the new ‘high’ in their relationship, the conclusion of the 2014 gas deal, and a general ‘perception that the EU and China might be competitors in the geopolitical arena for access to foreign markets’ (Ibid. 2012, p. 1). As China is the only real alternative large-scale recipient of Russian resources, without it, any threat of Russia moving away from Europe is unrealistic (Lo 2008, p. 140). However, the more Russia played the ‘China card’, the greater European efforts were to diversify supply. Thus, as the EU gradually reduces its dependency, Russia is becoming a victim of its own strategy.

1.6 Conclusion

To summarise, it is evident that two phases, Russia’s advantageous position (2000–2008) and China’s increasingly advantageous negotiation position (2008–2014), have had an impact on European energy security, mainly due to the

perceived competition for Russian energy resources and Russia's use of energy as a policy tool. Before 2003, this was not an issue but Chinese growth provided alternative export options for Russia. Initially, this was not perceived as a threat by the EU, but the supply disruptions in 2006, 2008 and 2009 as well as the invasion of Georgia (2008) and the annexation of Crimea (2014) have shown the incalculable behaviour of Russia. Consequently, the patterns of Sino-Russian energy relations are important for European energy security, as the closer the energy relationship is between Russia and China, the more likely a deal between the two, and the stronger Russia's negotiation position is *vis-à-vis* the EU. In fact, every instance of penetration gave the EU renewed impetus to develop a common policy and a central RESC with single decision-making authority: an Energy Union. Meanwhile, the EU encountered the discussed difficulties but the Sino-Russian energy cooperation patterns, especially the second one, gave the EU the additional impulse to overcome its internal challenges and accelerate Europeanisation.

Since then the EU has taken some considerable steps towards collective energy security. Most noticeable was the final decision to establish an Energy Union, which is now a special Commission project headed by Maroš Šefčovič and the presentation of the Clean Energy for All Europeans package in December 2016. Further, increased diversification of energy suppliers, and in 2016, the energy cooperation noticeably with China ('EU-China Energy Roadmap') and as well as the new rule on Inter-governmental Energy Agreements with third-states, will increase the EU's energy security and dampen the impact on Sino-Russian energy relations on the former.

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