



# Changes in the EU's Geopolitical Position and Energy Doctrine in Light of the Ukraine Invasion

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## Abstract

In Russia's long-standing vision of organizing international relations, only the great powers enjoy full sovereignty. They are entitled to their security, which they ensure by maintaining a zone of influence around themselves, where they retain a degree of control over neighboring states. The great powers then respect each other's spheres of influence. This is, of course, completely incompatible with Western notions of world order and international law. The reliance of the EU and, indirectly, the UK on Russian gas supplies has intensified over the last decade. Over that period, natural gas consumption in the EU and the UK has not increased, but production has fallen by a third. Imports have met the shortfall. In 2021, Russian gas accounted for 32% of European demand, up from 25% in 2009. Meanwhile, the construction of additional transit corridors, such as Nord Stream piping Russian gas to the EU and the UK, has reduced Ukraine's importance as a transit country. As one of the authors of this article pointed out for the first time in 2017 (Polak, 2017), Russia can finance its current wars overseas mainly with profits from the extraction and sale of oil, coal, and natural gas.

**Keywords** Energy security · European energy policy · Nord Stream 2 · Zones of influence

## Introduction

In Russia's long-standing vision of organizing international relations, only the great powers enjoy full sovereignty. They are entitled to their security, which they ensure by maintaining a zone of influence around themselves, where they retain a degree of control over neighboring states. The great powers then respect each other's spheres of influence. This is, of course, completely incompatible with Western notions of world order and international law.

In many ways, the long-standing Russian adventure in Syria, the attempt to interfere in the Caucasus, Libya, and elsewhere in Africa, and the war in Ukraine, which we are currently watching, are all efforts by Russia to force this arrangement. In particular, Ukraine has fallen victim to Putin's megalomaniacal efforts to return Russia to a superpower

position. It is, to a certain extent, a return to the Cold War of 1947 to 1989. Over that period, both the USA and the Soviet Union had their zones of influence and, to a certain extent, respected each other because they were aware of the consequences of disrupting them. Now, as Russia tries to define its zone of influence in Ukraine, the states of the former Soviet Union outside NATO could be threatened if it succeeds.

One of the authors of this article was born in April 1968, during the Prague Spring. That brief period of relative freedom was brutally ended by the Russian (Soviet) invasion in August 1968. Until 1991, when the last Russian soldier left his country, he lived in the subsequent Russian (Soviet) zone of influence. He understands the obstacles that face a country that tries to break free of Russian domination.

Russia's goal in the sphere of international relations has been known for decades, but over time its threat to the current world order has diminished. In its economic and conventional military strength, Russia has become a second-class state. As its power has dwindled, it has been unable to form any significant alliances to support its ambitions. As my friend, an ethnic Chinese, said just after the invasion of Ukraine: "China needs to decide if it wants to be buddies with a pariah second-rate economy against the world." So, too, does any other nation.

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## When Does Interdependence Become Dependence?

The roots of the current energy (inter)dependent relationship with Russia go back to the Cold War and grew exponentially since then, making energy exports a significant part of its foreign trade (Siddi, 2020). Interdependence between states can minimize the potential for conflict, but that is not always the case with Russia. Krickovic (2015, pp. 3–4) finds that interdependence between the European Union and Russia exacerbated political conflict and increased economic and security competition. Leaders on both sides worried that interdependence would either favor one side over the other or lead to total dependence. Krickovic (2015, pp. 3–4) even points out the possibilities of such enhanced competition leading to armed conflict in less stable states, such as Ukraine.

When does the relationship between trading nations turn from interdependence to dependence? In the case of the EU and Russia, according to Casier (2011, pp. 536–537), the EU had become heavily dependent on Russian energy more than a decade ago. Altogether, the EU imports only 30 to 40% of its energy from Russia, but its central and eastern members depend far more than western EU nations on Russian natural gas (Polak, 2015; Poitiers et al. 2022). According to Högselius and Kaijser (2019), smaller countries such as Bulgaria, Hungary, and the Czech Republic have depended historically on Russian energy supplies and do not have the capital to develop alternatives (Högselius and Kaijser, 2019, p. 442). Their dependence on Russian gas makes Central and Eastern European markets especially vulnerable to supply cuts (Dreyer et al., 2010), which enables Russia to leverage energy as a dominant weapon in executing its foreign policy (Krickovic, 2015, p. 9).

Dependence on Russian energy supplies has been a recurring challenge for these countries (Dreyer et al., 2010). They have met this challenge with two primary strategies: creating domestic energy resources and managing energy imports. The environmental and economic consequences of replacing energy imports with domestic supplies often qualified the success of this option although this did not dissuade countries such as Greece and Poland from pursuing it. For other countries, economic and environmental concerns took precedence over energy independence; these countries now depend heavily on energy imports (Högselius and Kaijser, 2019, pp. 440–441).

Countries that rely on imported energy either by necessity or by choice try to minimize their risk by diversifying their sources and the types of energy that they import. They may also nationalize their energy importing infrastructure and operations while developing trustful relationships with the countries and companies on which they rely for their energy (Högselius and Kaijser, 2019, pp. 441–442). The EU continues to diversify its energy sources, while individual governments and private companies have limited Russian efforts

to acquire parts of European energy companies (Krickovic, 2015, p. 9; European Parliament, 2018, p. 4). But according to Dreyer et al. (2010), the EU needs to do more to open its gas market to competition.

Since the 1990s, the EU has taken steps toward creating a more liberal energy market but has created tension in its relations with Russia (Krickovic, 2015, p. 9) without going far enough to achieve its objectives (Dreyer et al., 2010). The so-called unbundling principle in the European Commission's Third Energy Package, for example, introduced in 2009, sought to ensure access to the pipelines operated by competing energy suppliers, reducing Russian control over distribution and minimizing energy as an instrument of political coercion (Jirušek and Kuchyňková, 2018, p. 819; European Parliament, 2018, p. 31). But Russia has tried consistently to provide gas more cheaply to the EU than other possible suppliers, capturing markets in energy-dependent countries where cost takes first priority (European Parliament, 2018, p. 4).

Casier drew attention in 2011 to the possible security threat of Russia's increasing control of energy supplies (Casier 2011, p. 545). As part of its foreign policy, Russia has used energy to reward or punish EU nations as well as post-Soviet republics, and especially Ukraine. At the same time, Russia relies on the EU (Siddi, 2018), which accounts for more than half of Russia's energy exports (Poitiers et al. 2022). As long as Russia can rely on the EU's tacit support in perpetuating its authoritarian regime (European Parliament., 2018, p. 4), it does not have to fear political isolation and all that it entails (Casier, 2011, p. 543).

Despite the arguments against dependence on gas imports from the Russian authoritarian state—expansion of Russian influence (Krickovic, 2015, p. 10), accruing economic benefits, and vulnerability of energy-consuming nations to political pressure (European Parliament, 2018, p. 4), Russia continues to emphasize natural gas supplies in asserting its economic and political leverage (Poitiers et al. 2022). As Poitiers et al. (2022) pointed out, energy-dependent countries, concerned with the security of their supply, have shown a distinct aversion to imposing strong sanctions against Russia. When sanctions were imposed on the country in 2014, when it annexed Crimea and later, when it intervened in Eastern Ukraine, the energy sector was excluded (European Parliament., 2018, p. 4; Siddi, 2020).

As a foreign policy tool, countries tend to use energy defensively to consolidate power, ensure continuation of the regime, and prevent outside interference directly, through interdependent relationships with other international powers, or indirectly, by using the profits to develop military and security forces. But Russia uses its energy assets offensively, as well (European Parliament., 2018, pp. 8–12).

Russia uses Gazprom, its state-controlled multinational energy corporation, as a tool of foreign policy (Jirušek and Kuchyňková (2018)) by pursuing long-term energy contracts,

production and transportation agreements, and commercial relationships with customers (Sharples, 2016). As mentioned earlier, the European Commission has tried to moderate Russia's influence, but it still has far to go in reaching its objectives. The diversification of energy sources should remain an important priority (Jirušek and Kuchyňková, 2018), especially given recent developments in Ukraine.

## European Energy Security

The winter in early 2009 started in Europe with a huge problem as Russia cut off gas supplies to the EU for several weeks. Russia announced that its action was the result of a dispute with Ukraine over transit fees and other payments related to the gas pipeline that runs to Europe from Russia through Ukraine. Russia argued that this was a business dispute, not a political maneuver against the EU or Ukraine. But at the same time the supply disruption was approved by Vladimir Putin, and the Russian president played a key role in Russian decision-making throughout the crisis.

When Ukraine abandoned plans to import gas from Turkmenistan as an alternative to Russia, the crisis was immediately resolved, and the flow of Russian gas resumed through Ukraine into the EU.

This was not the first time that Russia had used energy supplies to punish a defiant country. In July 2006, Russia shut down the Druzhba pipeline, the world's longest oil pipeline and one of the biggest oil pipeline networks in the world, for repairs that would take about a year to complete. The shutdown disrupted oil supplies to Lithuania, an EU member state. By coincidence, the Lithuanian Mazeikiu oil refinery had been sold to a Polish company, PKN Orlen. Lithuania insisted that Russia's actions were politically motivated. Russia took several years to resume deliveries to the Mazeikiu refinery. Similarly, in July 2008, after the Czech Republic signed a missile defense agreement with the USA, Russia reduced oil supplies to the Czech Republic by as much as 50% for several weeks, attributing the cause to technical problems.

In 2015, Russia incorporated the use of energy influence or coercion into its official military doctrine.

## European Dependency on Authoritarian Regimes for Vital Resources

The reliance of the EU and, indirectly, the UK on Russian gas supplies has intensified over the last decade. Over that period, natural gas consumption in the EU and the UK has not increased, but production has fallen by a third. Imports have met the shortfall. In 2021, Russian gas accounted for 32% of European demand, up from 25% in 2009. Meanwhile, the

construction of additional transit corridors such as Nord Stream piping Russian gas to the EU and the UK has reduced Ukraine's importance as a transit country. In 2009, more than 60% of Russia's pipeline deliveries to the EU and the UK passed through Ukraine. By 2021, they had fallen to 25%.<sup>1</sup>

As one of the authors of this article pointed out in 2017 (Polak, 2017), Russia can finance its current war in Ukraine mainly with profits from the extraction and sale of oil, coal, and natural gas. The problem is that the EU restrictive measures (sanctions) against Russia still do not reach the energy sector.<sup>2</sup> Last year alone, Russia's global fuel sales amounted to about \$250 billion.<sup>3</sup>

About two-fifths of that amount came from exports to Europe, according to William Jackson, an economist at Capital Economics.<sup>4</sup> Europe imports more than one-third of its gas from Russia. Based on official statistics, Russian military expenditures in 2020 amounted to \$61.7 billion.<sup>5</sup> In other words, the money paid every year by almost all the countries of the EU for energy commodities has enabled Russia under Vladimir Putin to finance the killing of civilians in places like Ukraine and Syria.

Additionally, the EU unknowingly helped to finance Russia's invasion of Ukraine after Gazprom stopped supplying the spot market in the fall of 2021. Because of its machinations, gas prices skyrocketed. The average price in Europe and other regions for Gazprom's gas rose to \$313.4 per 1000 m<sup>3</sup> in the third quarter of 2021 from \$117.2 a year earlier,<sup>6</sup> and the price rose even further in November 2021. These increases occurred because, for the last 10 years, Gazprom has tied all long-term contracts not to prevailing oil prices but to the spot market. By withdrawing supply from the spot market, Gazprom artificially increased the price and then reaped the rewards from its long-term contracts.

In Germany, politicians and businessmen have consistently underestimated the risk of their dependence on Russian energy supplies and obfuscated their contribution to Russia's war machine. They contributed further to the Russian military build-up when Germany entered into an agreement with Russia to construct the Nord Stream 2 gas pipeline, which bypasses established transport routes through Ukraine. It is no coincidence that Russia waited to complete Nord Stream 2 before it invaded Ukraine. Fortunately, Germany has now

<sup>1</sup> [www.iea.org](http://www.iea.org)

<sup>2</sup> <https://www.consilium.europa.eu/en/policies/sanctions/restrictive-measures-ukraine-crisis/>

<sup>3</sup> <https://www.reuters.com/markets/europe/russias-oil-gas-revenue-windfall-2022-01-21/>

<sup>4</sup> <https://www.livemint.com/industry/energy/russias-energy-dominance-ties-west-s-hands-in-ukraine-war-11645969080548.html>

<sup>5</sup> <https://www.aljazeera.com/news/2022/1/25/infographic-military-capabilities-of-russia-and-ukraine-interactive>

<sup>6</sup> [www.patria.cz](http://www.patria.cz)

terminated Nord Stream 2, and the continued operation of Nord Stream 1 is in doubt.

## Looking for Other Options

In revising its energy policy, the EU must consider its strategic security and future resilience. Ultimately it must eliminate its dependence on Russian gas, oil, and coal while increasing its own resource base. To this end, the EU as a whole and individual member states must focus on the following sub-objectives:

- Accelerate the development of local renewables—especially photovoltaics and wind.
- Complete the discussion on nuclear energy and reconsider its current negative attitude, especially in Germany.
- Fully maximize, with subsidies, if necessary, reductions in energy consumption to reduce reliance on imports of gas and liquid fuels.
- Rehabilitate coal's contribution to energy independence.
- Focus in the long term on hydrogen produced by renewable sources for energy production.
- Diversify gas and oil suppliers to Europe.
- Increase the quantity of LNG liquefied gas imported from overseas sources. The price of LNG under long-term contracts is now lower than the price of Russian pipeline gas.
- Strengthen energy cooperation between member states. Faced with a crisis in Ukraine and energy shortages throughout the region, the EU should make use of its aggregated power. That should include developing preventive planning and emergency responses to potential supply
- disruptions. In the event of a crisis, no member state should be left alone.
- Strengthen the position of member states during negotiations with third countries by allowing them to act under the umbrella of the EU and make use of the benefits of the EU's internal market and economies of scales.

Some progress has been made. Germany as the main economic power in the EU wants to obtain 100% of its electricity from renewable energy sources by 2035. According to the daily *Süddeutsche Zeitung*, a forthcoming amendment to the country's Renewable Energy Act will specify this objective. The Act already calls for production of 80% of its energy from renewable sources by 2030, up from its current share of share 42%.

Russia's attack on Ukraine has impressed on German leaders the need to eliminate its dependence on Russian energy. "We need to speed up the construction of renewable energy sources as much as possible," said German Economy

Minister Robert Habeck shortly after the Russian invasion, acknowledging for the acceleration.

## Conclusion

Russia uses its energy exports for economic gains and to finance its military, but also as a tool of foreign policy leverage. Russia's declaration of 22 February 2022 on the recognition of separatist territories in Eastern Ukraine showed that Europe's security doctrine urgently needed to be reworked. It became even more obvious after Russia's direct invasion of Ukraine over the next 2 days. Europe must now take all necessary steps to impose an enormous economic cost on Russia<sup>7</sup> while ensuring that the conflict does not spread and that it can be ended. Energy must be at the heart of this response not only for the sake of Europe's security but also to deprive Russia of the enormous revenues that it reaps from exporting oil and gas to Europe. Energy policy alone will not stop Russian aggression in Ukraine, and in the short term Europe will continue to rely on energy imports from Russia. But even in the short term Europe can not only diversify supplies but also reduce its overall demand for Russian imports while strengthening its strategic position. At the very least, Europe has finally realized that it cannot remain so fatally dependent on Russian energy commodities. It will need to further diversify its suppliers, while strengthening the role of renewables, including nuclear energy, and, in the event of an emergency, using less environmentally friendly coal-fired power plants for which domestic fuel can be provided.

In addition to ensuring greater energy security and eliminating supplies of energy raw materials from Russia, where EU payments support the authoritarian regime of Vladimir Putin and help to finance his aggression, the EU must now transform its economic power into political and military power. To this end, all member states must relinquish any special relationships with Putin's Russia, removing the wedges that have been driven into a potential unified European energy policy.

**Declarations** The authors declare no competing interests.

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<sup>7</sup> Written in early March 2022.

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