

## ENERGY SECURITY



The geopolitical landscape has changed considerably since the fall of the Berlin Wall, with the US maintaining, for the time being, its economic and military superiority. It seems, however, that the world is moving towards a fundamental reshuffle of the global balance of power, with the emergence of actors whose posture will eventually shape a new global order through alliances reflecting different interests from those currently dominating international politics.

This global transformation will have a direct impact on both sides of the supply and demand equation. It will increase the bargaining power of the suppliers as they find hungry new customers but, at the same time, consumers will have the opportunity to negotiate alternative deals with a number of suppliers operating outside the OPEC-pricing mechanism. Given the current international scenario, it seems that the future of human prosperity will depend on how successfully we tackle the two central energy challenges: securing the availability of reliable and affordable energy, and achieving an environmentally acceptable system of supplying energy.

Oil, along with coal and gas will, however, remain the world's vital sources of energy for years to come. Currently, it is estimated that 86% of the world's primary energy production comes from burning fossil fuels. Consequently, preventing catastrophic and irreversible damage to the global climate requires a major effort of decarbonisation of the world's energy sources. The year 2012 (when the Copenhagen Conference will take place) represents the first commitment deadline for the Kyoto Protocol; setting up a robust policy mechanism to achieve the stabilisation of greenhouse gases in the atmosphere is a mandatory necessity.

### Definition of Energy Security

The issue of energy security is certainly not restricted to oil, as it also involves electricity and gas, thus extending to the entire infrastructure of energy supply that supports the global economy.

In the longer term, a renewed commitment to new technologies, energy research and development holds the promise of further diversification; but energy security requires, first and foremost, continuing commitment and attention, both today and tomorrow.

Energy Security is an umbrella term covering many concerns over energy, economic growth and political power.

## Security threats

In the face of today's security threats, understanding the domestic and international drivers and dynamics is more relevant than ever. The first threat comes from the demographic explosion, with the world population set to increase from 6.5 billion to 7.7 billion by 2020.

The second threat is represented by climate change. UN researchers predict continuing and rapid degradation of eco-systems, which will severely affect water, health and food security.

The third threat comes from terrorism and the proliferation of weapons of mass destruction, with the greatest threats emerging from countries characterized by a weak central power.

One more threat to energy security is represented by the significant increase in energy prices, either on the world market or caused by the imposition of price increases. Suppliers can go beyond manipulating prices, they can also suspend or even terminate supplies altogether. Energy Security is therefore closely linked to all of these threats. That is why Europe needs to work hand in hand with the US in order to cope with all of these security challenges.

## Actions to be taken

The first move could be to increase efforts to supplement oil with more plentiful resources, such as coal and natural gas.

Oil, gas and coal cannot provide, however, a lasting solution, particularly if we consider fossil fuels as a potential basis for change in the international balance of power; this would be a shift based not only on which countries control the lion's share of the world's fossil fuel supplies, but also on which countries are most dependent on those supplies: an oil-hungry China or India can still take a harder line.

A second move could involve the exploitation of alternatives to fossil fuels: nuclear energy and renewable energy sources, such as solar cells, wind turbines and other sources, which will surely become relatively less expensive as oil prices rise.

For the time being, the small but rapidly growing world market in solar cells, hydrogen-fuel cells, wind turbines is currently dominated by Europe and Japan: the job of governments, in this regard, is to step in where a need exists and when the private sector is unwilling or unable to satisfy it (as already happened for railroads, highways, computer, internet, space technology).

Further possible approaches to integrate renewable energy sources consider ethanol, biomass, tidal and geothermal energy worthy of being explored: the bottom line is that diversification is the magic word.

## Enhanced cooperation in the EU and the US' approach

Climate change could reach catastrophic levels this century unless emissions of greenhouse gases are reduced and EU access to more secure energy sources is granted.

The package of EU climate and energy measures approved in December 2008 (to come into effect by 2011 at the latest) directs and coordinates the efforts of individual MS in limiting emissions by maximizing the effectiveness of the measures taken and by supporting the coordination of the global fight against climate change (Kyoto Protocol).

Thankfully, the Lisbon Treaty guidelines for enhanced cooperation make it possible for MS to announce their intention to create a pioneer group and seek approval from the Council. The Lisbon Treaty states that "All members of the Council may participate in the deliberations of the enhanced cooperation group, but only members of the Council representing the MS participating in enhanced cooperation shall take part in the vote." Confident in the strength of an enhanced cooperation agreement, individual governments would thus avoid dealing with Moscow bilaterally.

EU guidelines require that at least nine countries agree to work together under the aegis of enhanced

cooperation. The most natural candidates would be those states that tend to be most affected by Russian shut-offs: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia and Romania. The inclusion of Austria, Greece, Finland or Netherlands, countries that are also heavily dependent on Russian imports or are gas producers themselves, would further strengthen the group's influence within the EU.

Once enhanced cooperation starts taking place in Europe, across the Atlantic the USA will also have a vital role to play in the development of a collective energy security initiative in Europe. At last year's USA-EU Summit, both sides pledged to work in tandem to strengthen the transatlantic partnership on energy. Looking ahead, the US has a compelling interest in helping European countries diversify import options, limit the corrosive influence of non-transparent business practices, and prevent external energy partnerships from inappropriately influencing state policy.

Secretary of State Hillary Clinton has already signalled to the Senate the desire to engage Europe on the matter of energy security: "I hope we can make progress with our friends in NATO and the EU to understand that we do need a broader framework in which we can talk about energy security issues." In this regard, a European collective energy security agreement would offer the USA and Europe the chance to do more than just talk.

## NATO's approach

NATO strongly believes that a system of international cooperation to share energy is badly needed: the key question is how to convince all the emerging new economic giants to see energy as a source that must be necessarily shared.

So new ways must be found to use oil and gas more efficiently, while pushing ahead the conversion to alternative fuel and seriously looking at ways of diversifying energy supplies to reduce vulnerabilities. As climate change makes its impacts on energy exploration and transit routes, it will also increasingly impact NATO's security. In 2008 Norway put the issue of the "High North" on the NATO agenda. As the polar icepack melts and the Northwest Passage to Asia opens up, an increasing amount of shipping will pass through one of the most remote and inhospitable parts of the world, requiring to intervene in the event of an emergency situation, an environmental disaster or even a terrorist attack.

NATO is certainly not the panacea to these problems, but there are three roles that it can play.

The first role is to police the high seas, protecting them so as to keep sea-lanes of communication (SLOC) open and safe.

As NATO is already cooperating with the EU to develop a greater naval presence off the coast of Somalia to stop piracy, at the same time the Alliance should be ready to protect the essential choke points and navigation routes along which so much oil and gas supplies pass each day.

NATO's second role is to foster partnerships. Over the last few years the Alliance has already developed a very extensive network of security partnerships (Partnership for Peace, Mediterranean Dialogue, Istanbul Cooperation Initiative, NATO-Russia Council, NATO-Ukraine Commission, NATO-Georgia Commission) with a large number of countries around the world: several of these are major energy producers.

Finally, NATO could support its MS in coping with energy challenges. In short, NATO could act as a catalyst in persuading its countries to take a more strategic look at energy security and to develop a more collective approach.

NATO has already begun to act in such a coordinated way with its own members, partner countries, and with other international organizations. There is one missing link in this network of cooperation: the dialogue with the private sector, a dialogue which must be started, finalized, improved and maintained so that all the legally operating stakeholders can make the most of it.

## Conclusion

At this stage, if we want to make a comparison between the attitudes of three pivotal players such as the EU, NATO and the US, we could venture to suggest that EU policies often overlap and do not integrate with the US and NATO's.

A common approach within Europe is therefore desperately needed, avoiding the disconnect between a sometimes ambitious European Commission policy and the selfishness of the Member States which deem the national benefit more attractive than the common good.

Once this common approach is achieved, Europe should identify, together with the US and NATO, a suitable international Energy Security policy conducive to preventing future confrontations whilst fostering consultation and cooperation.

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