

EUCERS Newsletter

Newsletter of the European Centre for Energy and Resource Security (EUCERS) Issue 72, February 2017

Introduction

Dear readers and friends of EUCERS,

It is my great pleasure to welcome you to this edition of the EUCERS newsletter, in which we present you with two articles.

In the first article, the Leverhulme Fellow Jonna Nyman sheds light on the Energy Security Paradox in the US and China.

The second article, written by Gabriel Hengel, focuses on the consequences of the US energy dominance and its relation to Europe.

I would also like to invite you to our first EUCERS-KAS energy talk 2018 that will take place on 7 March and cover the topic of "Current State of Global Climate Policy". Please make sure to register as spaces are limited.

As always, please feel free to keep us informed about your research projects and findings as we look to remain at the forefront of new knowledge and innovative ideas.

Thank you for your interest in EUCERS and for being part of our community.

Yours faithfully,
Thomas Fröhlich
EUCERS Newsletter Editor

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ARTICLES

The Energy Security Paradox: Rethinking Energy (In)security in the United States and China

By Jonna Nyman

The decisions we make about energy shape our present and our future. From geopolitical tension to environmental degradation and an increasingly unstable climate, these choices infiltrate the very air we breathe. Energy security politics has direct impact on the continued survival of human life as we know it, and the earth cannot survive if we continue consuming fossil energy at current rates. The low carbon transition is simply not happening fast enough, and change is unlikely without a profound shift in how we approach energy security. But thinking on energy security has often failed to keep up with these changing realities. Energy security is primarily considered to be about the availability of reliable and affordable energy supplies—having enough energy—and it remains closely linked to national security.

The politics of energy security

Energy security has evolved to have particular meaning. Humans have always needed energy, but with the development of larger, organised societies that are more and more dependent on energy to function on an everyday basis, concern over the availability of energy has shifted: first from an individual concern to a group or community concern, and eventually to the concern of states.¹ Energy security has primarily been a state endeavour and it has centred on making sure the state has enough energy supplies to carry on as usual. Even in a globalised world where private and international energy companies play an important role in delivering energy services, states remain involved in energy industries in myriad ways in order to protect their energy security.

In societies fuelled by petroleum, disrupted supplies do pose a threat – but the threat could be interpreted and constructed in a number of ways – to the state, the economy, or to consumers. And it could equally be argued that *continued* oil supplies present a threat to the climate. So the conventional understanding of energy security is specific and particular, not neutral. Energy is viewed as a security issue but in a narrow sense, and remains closely

Jonna Nyman is Leverhulme Research Fellow in the Department of Politics at the University of Sheffield. Her research interests centre around the politics and ethics of security, broadly conceived, with interests in energy security, climate politics, and China. She has a forthcoming monograph titled 'The Energy Security Paradox: Rethinking Energy (In)security in the United States and China' (with Oxford University Press). She has also published articles in journals including *Review of International Studies* and *Millennium*, and a co-edited volume titled 'Ethical Security Studies: A New Research Agenda' (Routledge).

linked to national security while the insecurities current energy security practices produce remain overlooked.

But energy security cannot just involve making sure states have sufficient supplies of energy. We cannot secure states in isolation, and energy security cannot be separated from other security concerns: how energy security is pursued directly affects all of our futures. In a world that is increasingly interconnected, we need to reconsider what we mean by security and how we approach it. Today, the traditional distinction between referent objects (the idea that we can secure the state, *or* the environment, *or* the climate, as distinct objects when they are connected), and 'the logics of inclusion and exclusion' that national security politics are based upon (the idea that we could – or even should – secure some and not others), simply do not make sense (Fagan 2016: 2).

Avoiding the most disastrous consequences of climate change requires limiting temperature increases to no more than 2°C, and although we are at the beginning of a low carbon transition this target is incompatible with current energy policies (see IEA 2015: 35-37). Driven by a narrow understanding of energy security, states prioritise fossil fuels as the easiest path to maximising energy supply. At the heart of this is a clash between short-term state interests and longer-term security: because of accepted ideas and norms around national security and state sovereignty, it is in the short-term interest of states and state leaders to keep fossil fuels flowing to ensure continued economic growth and political stability, despite the fact that this will harm the future survival of the planet itself.

Although our need for energy is fundamental and biological, the link between energy and national security is

not inevitable. As the very nature of threats changes and the world becomes more interconnected, we need new priorities, new thinking and new norms of behaviour. Today, the argument that security needs to move away from traditional geopolitical premises is not simply a case of ethical preferences: it is strategically necessary. If security is about survival, then the national security project is failing.

The Energy Security Paradox

My forthcoming book illustrates this failure through the concept of the energy security paradox. It is used to challenge the link between energy and national security, by showing that it is counterproductive: it does not produce security in any meaningful sense. Drawing on Booth and Wheeler's (2008) definition of a security paradox as occurring when *attempts to improve security result in less security* by provoking mutual hostility between states, the book builds on and extends the security paradox. Crucially, it goes beyond simply looking at inter-state tension to also consider the wider insecurities produced by established energy security practices. Following this, it analyses how and when states' attempts to increase their energy security might result in less security on two levels:

1. On the inter-state level, producing tension, hostility, and potential for conflict between states
2. Within, outside, and above the state, producing multiple entangled insecurities, including human and environmental insecurity

Thus, the energy security paradox describes a situation in which state energy security practices result in less security for states, human beings, and the environment. Of course, these consequences are not intentional. They could even be termed collateral damage resulting from our energy choices. But these 'new' global insecurities cause increasing devastation and we cannot continue to ignore them when we talk about energy security. Crucially, these practices are not inevitable.

My research shows how the top two energy consumers and producers, the USA and China, are trapped in this energy paradox. Drawing on extensive documentary and archival research, six months of fieldwork engaging with expert and policy communities in both states, and a series of elite interviews, the book traces energy policy and discourse

between 2004-2017 in both states. But I also go beyond this diagnosis, examining power and resistance in the policy-making process to highlight both the limitations and possibilities for change. In the process, I call for four shifts needed to re-imagine energy security.

Based on this, The Energy Security Paradox proposes a radical reconsideration of how we approach and practice energy security.

This article is an abstract of Jonna's forthcoming book "*The Energy Security Paradox: Rethinking Energy (In)security in the United States and China*", published by Oxford University Press.

References:

Booth, K. and Wheeler, N.J. (2008) *The Security Dilemma: Fear, Cooperation, and Trust in World Politics*. Palgrave Macmillan.

Fagan, M. (2016) 'Security in the anthropocene: Environment, ecology, escape'. *European Journal of International Relations*, FirstView: p. 1-23.

IEA (2015) 'Energy and Climate Change: World Energy Outlook Special Report', *International Energy Agency*, published online at <https://www.iea.org/publications/freepublications/publication/WEO2015SpecialReportonEnergyandClimateChange.pdf> (accessed on 13 January 2016)

U.S. Energy Dominance, Europe and Economic Sanctions

By Gabriel Hengel

In June 2017, the Trump administration first articulated its strategy of 'energy dominance' designed to further cash-in on the American energy abundance through regulatory rollbacks and increased oil and natural gas exports. Although export bans were lifted initially during the Obama administration, under the 'America First' approach, this goal of 'dominance' has replaced 'independence' as the preferred rhetoric and policy-driver of the moment. While some think "aiming for dominance feels good," this strategy also threatens to exacerbate tensions across the Atlantic as a growing divergence in energy condition widens the gap in transatlantic foreign policy congruence.¹ The impact of this energy divergence is notable in the design and implementation of economic sanctions against key energy producing states at Europe's periphery.

Recent scholarship has preferred to focus on the strengthening effect that an oil and natural gas abundance is having on the United States.² However, it is also prudent to examine how this U.S. energy dominance strategy is impacting foreign relations among its allies and partners. As the geopolitics of energy is, of course, much more intricate than an assessment of relative power gains. O'Sullivan argued in 2017 that one of the objectives this energy abundance has made easier to achieve is "encouraging allies to diversify their own sources of energy."³ While on the surface, this sounds wholly positive, this can also be interpreted that the United States now finds itself in a more fortuitous position to apply pressure on the states of Europe that are not diversifying for various reasons of self-interest. O'Sullivan rightly points out that Europe's energy security condition has been greatly improved by internal EU market reform. However, the U.S. strategy of energy dominance and the exporting of LNG as diversifying option for Europe will only add to this improved condition if allies and partners aren't isolated in the process.

Gabriel Hengel recently completed his PhD in politics and international relations at the University of Aberdeen, Scotland. He holds a master's degree in strategic studies and a bachelor's degree in economics. Gabriel's research takes a much-needed look at energy issues of a political and strategic nature within the transatlantic security community.

Clarifying U.S. Energy Dominance

First, 'energy dominance' must be clarified for what it really is and that is an *export strategy*. In fact, energy dominance is in many ways an export strategy that directly undermines American efforts to achieve any sort of 'energy independence' or self-sufficiency. These exports, combined with recent budgetary measures to sell 100 million barrels of crude oil from the Strategic Petroleum Reserve, demonstrate that this is a strategy that is all about increasing revenue.⁴ Raiding domestic reserves while exporting America's energy abundance increases vulnerabilities and places the United States on the pathway to energy insecurity. Moreover, this export strategy is part of a wider divergence in energy condition that is already creating tensions among key transatlantic European allies. This divergence in energy condition is creating transatlantic tensions, notably surrounding the design and implementation of economic sanctions against Russia and Iran.

Energy Divergence Impacts Economic Sanctions

The potentially isolating effects of the American strategy of energy dominance are becoming clearer as tensions over the implementation of economic sanctions have emerged, largely due to a divergence in energy condition across the Atlantic. For example, economic sanctions imposed on Russia since the strategy of energy dominance was first articulated have exacerbated transatlantic tensions over energy security. This is because the August 2017 sanctions not only targeted Russian energy companies, but European companies that conducted business with Russia as well. The U.S. measures designed to penalise European companies were not received well in Europe. In fact, the European Commission President Jean-Claude Juncker said "the US bill could have unintended unilateral effects that impact the EU's energy

¹ Book, Kevin. 2017. "An Energy Policy of Dominance." Commentary - Center for Strategic and International Studies. 28 June.

² Braunstein, Juergen. 2017. "How the New 'Energy' Affluence Strengthens the United States." The National Interest. 2 November.

³ O'Sullivan, Meghan. 2017. "U.S. Energy Diplomacy in an Age of Energy Abundance." Oxford Energy Forum, no. 111. November.

⁴ Natter, Ari and Catherine Traywick. 2018. "U.S. Oil Reserve Would Fall Nearly in Half Under Budget Deal." Bloomberg. 8 February.

security interests. This is why the Commission concluded today that if our concerns are not taken into account sufficiently, we stand ready to act appropriately within a matter of days. America first cannot mean that Europe's interests come last."⁵ Regarding the sanctions, German Foreign Minister Sigmar Gabriel and Austrian Chancellor Christian Kern jointly stated that "threatening to impose penalties on companies in Germany, Austria and other European countries with regard to their business in the United States if they participate in, or fund, natural gas projects involving Russia, such as Nord Stream 2, impacts European-American relations in a new and very negative way."⁶ They further claimed that "the draft bill of the U.S. is surprisingly candid about what is actually at stake, namely selling American liquefied natural gas and ending the supply of Russian natural gas to the European market. The bill aims to protect U.S. jobs in the natural gas and petroleum industries." This joint statement demonstrates clearly that Germany and Austria perceive these US sanctions as an economic manoeuvre and a direct threat to European energy security. A German government spokesperson added that "the Chancellor believes that economic-policy interests and sanctions should not be confused."⁷

Overall, a greater degree of solidarity existed in 2014 when sanctions were implemented in response to Russia's strategic activism in Ukraine and Crimea. However, these latest U.S. sanctions are much more divisive in nature. The August 2017 sanctions have put the United States much more at odds with transatlantic Europe's warmer foreign policy approach towards Russia, have created energy security tensions that may negatively impact transatlantic relations, have threatened further the long-term availability and affordability of oil and natural gas supplies, and appear likely only to worsen U.S.-Russia relations in the process. An abundance of American natural gas should be used to compliment Russian natural gas exports, not be perceived as a coercively-employed replacement. Ideally, the states of transatlantic Europe should be free to choose whether to procure American or Russian natural gas in an open market that strengthens availability and encourages a competitive price.

However, this latest round of U.S. sanctions directly and indirectly threatens transatlantic energy security by penalising European firms and stifling the Russian oil and gas industry.

Tensions are also present in the sanctions debate surrounding Iran. In March 2016, less than two months after sanctions were lifted, Spanish refiner CEPSA took delivery of the first Iranian crude oil to reach Europe since 2012. By the end of 2016, EU imports from Iran had increased by 344.8%.⁸ The scale and rapidity of these transactions highlight the importance Europe places on its trade relationships with Iran and helps reveal how the transatlantic European states were placed under enormous economic strain by implementing sanctions against Iran in the first place. The Trump administration's persistent rhetoric that the 2015 Joint Comprehensive Plan of Action be scrapped or re-written continues to create tensions and uncertainty for European markets that are eager to normalise and foster economic and energy relationships with Iran.

Conclusion

Overall, 'energy dominance' is an export strategy designed to further monetise the energy abundance in the United States that does not compliment the long-term goals of 'energy independence.' This approach only squanders any short-term abundance of energy while the world's major reserve holders play the long game, cutting production and waiting to reclaim their market share. Not only is this strategy not in the prudent interests of the United States, it is unnecessarily creating tensions with key transatlantic allies. A divergence in energy condition is impacting foreign policy congruence, most notably surrounding the implementation of economic sanctions.

It is becoming increasingly important to understand the effects of divergent energy conditions across the Atlantic. Strength is often derived in numbers and the concept of alliance is one of the sovereign state's oldest and most powerful instruments in the strategic toolbox. Economic sanctions can be an extremely powerful coercive tool but their implementation increasingly requires a broad

⁵ European Commission. 2017. "US Draft Bill on Russia Sanctions: European Commission Ready to Act to Protect European Interests." European Commission - Press Release Database. 26 July.

⁶ Federal Foreign Office. 2017. "Foreign Minister Gabriel and Austrian Federal Chancellor Kern on the Imposition of Russia Sanctions by the US Senate." Federal Foreign Office - Press Releases. 15 June.

⁷ The Press and Information Office of the Federal Government. 2017. "Criticism of US Bill - Trade Policy Should Not Be Mixed with Sanctions." The Federal Government. 16 June.

⁸ European Commission. 2017. Trade - Iran. 21 April.

consensus to be effective. As such, any discussion of curbing American 'declinism' must not only examine the relative power gains that come from an abundance of oil and natural gas, but also the impact that this abundance has on the key transatlantic relationships that are also a source of strength and legitimacy for the United States. The Trump administration and Congress must work to create and implement energy dominance policies in a way that does not undermine these other sources of U.S. and transatlantic dominance.

DISCLAIMER

The views expressed in this Newsletter are strictly those of the authors and do not necessarily reflect those of the European Centre for Energy and Resource Security (EUCERS), its affiliates or King's College London.

ANNOUNCEMENTS

First EUCERS - KAS Energy Talk 2018

Current State of Global Climate Policy: Security Challenges

07. March 2018, 14-16:00 followed by a reception ♦
War Studies Meeting Room ♦ Strand Campus ♦
King's College London ♦ WC2R 2LS

Programme:

13:00 Welcome Address and Introduction
Professor Dr Friedbert Pflüger, Director, EUCERS,
King's College London
Hans-Hartwig Blomeier, Director London Office,
Konrad-Adenauer-Foundation (KAS)

Introductory Statements by

Peter Mather, Group Regional President, Europe &
Head of Country, UK, BP plc
Sharon Turner, Consultant Director, Governance
Programme, European Climate Foundation
Dr Frank Umbach, Research Director, EUCERS,
King's College London
Nick Mabey, Chief Executive and Founder Director,
E3G – Third Generation Environmentalism

Comments by

Simon Chin-Yee, KAS Fellow at EUCERS, King's
College London

14:00 Discussion

15:00 Reception

In order to attend the event please RSVP with your
name and affiliation here (<http://bit.ly/2t9KLfR>) or
email carola.logan@kcl.ac.uk.

EUCERS Top-20 Energy Think Tank

For the sixth consecutive year, EUCERS entered the
ranks of top-20 Energy and Resource Policy Think
Tanks worldwide by the University of Pennsylvania's
Global Go To Think Tank Index Report. We
understand this ranking as a recognition of our work
and as motivation to aim higher in the upcoming
years. The full report can be downloaded here:

https://repository.upenn.edu/cgi/viewcontent.cgi?article=1012&context=think_tanks

EUCERS ON THE ROAD

Our team represents EUCERS at various conferences and events all over the world. This section gives a regular update and overview of conferences and interview contributions by EUCERS Director Professor Dr Friedbert Pflüger, Research Director Dr Frank Umbach and Associate Director Dr Adnan Vatansever, as well as by our Research Associates.

27.02.2017 Berlin, Germany	Friedbert took part in a panel discussion at the Iraq Petroleum Conference, held for the first time in Berlin on February 27th. The topic of the panel was "Iraq Petroleum Big Debate: International Investment – Challenges and Opportunities".
26.02. – 01.03.2018 Natolin & Warsaw, Poland	Frank taught a seminar on "EU External Energy Governance" at the EU-College
24.02.2018 Singapore	Frank gave a presentation on "The Energy-Security of Major ASEAN Countries: Implications for Maritime Security Policies and the South China Sea's Territorial Disputes", at the S. Rajaratnam School of International Studies (RSIS), Nanyan Technological University (NTU)
21.02.2018 Singapore	Frank gave a presentation on "China's Belt and Road-Initiative and its Energy-Security Dimensions", at the S. Rajaratnam School of International Studies (RSIS), Nanyan Technological University (NTU)
17.02.2018 Munich, Germany	Frank gave a presentation on "Global Energy Megatrends and Digitalisation: Implications for Critical Energy Infrastructures and Requirements for Resilience" at the international conference: „Pirate Secon 2018“ of the Pirate Party.
14.-15.02.2018 Bonn, Germany	Frank gave a presentation on "European Energy Infrastructures and Energy Security", at the high level seminar "Resilience of Energy Systems and Energy Security"
24.-25.01.2018 Luxembourg	Frank conducted a training course on „The (EU)-Security Union: Cybersecurity“ for employees of the European Parliament, organised by the European Parliament and the European Institute of Public Administration (EIPA)

PUBLICATIONS

Pflüger, Friedbert, "Return to Reason", in: The Security Times, February 2018, p.42. Available online: http://www.the-security-times.com/wp-content/uploads/starchiv/ST_Feb2018_Doppel.pdf

Umbach, Frank, "Geopolitical Impact of the Oil Price Decline – Winners and Losers", in: European Security & Defence, February 2018, pp. 10-13.

— "Anforderungen an die deutsche Energiewende und die Energieaußenpolitik Deutschlands" ("Requirements for the German Energiewende and the Energy Foreign Policies of Germany"), in: Europäische Sicherheit und Technik (ES&T) 2/2018, pp. 18-22.

— "Global Outlook 2018: The Energy Revolution and its Growing Uncertainties", Geopolitical Intelligence Service (GIS), 30 January 2017, 7 pp. (<https://www.gisreportsonline.com/global-outlook-2018-the-energy-revolution-and-its-growing-uncertainties,energy,2452.html>); short version in German: "Globaler Ausblick 2018: Die Energierevolution und ihre weitreichenden Folgen", in: Volksblatt (Liechtenstein), 31 January 2018, p. 10.

IN THE MEDIA

Frank gave an interview to Silvia Favasuli, in: "German Coal Phase-Out Brings Gas Back into Future", www.interfaxenergy.com, Natural Gas Daily, 15 February 2018, p. 3.

SOCIAL MEDIA



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If you have found our Newsletter interesting, wish to hear more about our activities, or, indeed, contribute with ideas or essays, please contact Thomas Fröhlich, Newsletter Editor EUCERS on thomas.froehlich@kcl.ac.uk or call 020-7848-1912.

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Andrew Bartlett, Managing Director, Bartlett Energy Advisers

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ACKNOWLEDGEMENTS

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