



NATO

Targets Energy Security

Strasbourg-Kehl summit prompts alliance response

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NATO members reaffirmed the alliance's commitment to transatlantic solidarity and future challenges at the Strasbourg-Kehl Summit in April 2009. Attendees included, above: left to right, British Prime Minister Gordon Brown, U.S. President Barack Obama, NATO Secretary General Jaap de Hoop Scheffer, German Chancellor Angela Merkel and French President Nicolas Sarkozy.

An engineer, left, checks the pressure in the pipeline pumping natural gas from an underground storage tank at Hajdúszoboszló, Hungary. Hungary has had to dip into its gas reserves when Russian gas stops flowing from Ukraine.

The international context of 2008 and 2009 has highlighted the importance of securing the energy supply. The war between Russia and Georgia in August 2008 affected European energy supplies by causing the temporary shutdown of the Baku-Supsa pipeline. The NATO secretary-general noted that since the conflict threatened the sophisticated supply network of the Caucasus, it was also partly about the security of the energy supply.¹

The long-running dispute over gas pricing and transit tariffs between Russia's giant Gazprom energy company and the Ukrainian state-owned company, NJSC Naftogaz of Ukraine — which led to an unprecedented cutoff of gas supplies to European Union markets in January 2009 — underscored concerns in the Euro-Atlantic community about energy security.

But while this context emphasized the importance of a complex and often politically influenced problem, it has not clarified the

tension between energy being a security problem and one of a mostly economic, technical and commercial nature.² Indeed, in many ways it has complicated the situation for NATO. A military security role for the alliance becomes more relevant in certain ways and yet, simultaneously, NATO faces the increasing risks of involvement in other issues and disputes in which it has little to contribute and in which its contribution may aggravate the situation.

This paper briefly establishes the background of the NATO discussion about energy security. It then examines the areas in which the alliance can make a positive contribution to the wider energy security. It looks at European energy security more specifically, before drawing together some ramifications for NATO.

NATO and Energy Security

The declaration released after the alliance's Strasbourg-Kehl Summit in April 2009 underscores the framework of NATO's energy security position. Reflecting the process — started at the 2006 summit in Riga, Latvia

— of drafting a coherent and suitable role for the alliance, the declaration notes the principles agreed to at Bucharest, Romania, and a report on progress achieved.

Thus the alliance affirms its continuing support for “efforts aimed at promoting energy infrastructure security” and intention to “ensure that NATO’s endeavors add value and are fully coordinated and embedded within those of the international community, which features a number of organizations specialized in energy security.” The declaration points to the critical importance of diversification of routes, suppliers and energy sources, and interconnectivity of energy networks. As an important note, it also refers to the “disruption of the flow of natural gas in January 2009 seriously affected a number of allies and partner countries.”

Diversification of Europe’s Energy Supplies: NATO’s Added Value

By linking the alliance’s role to the wider European discussion of diversification of routes, suppliers and energy sources, NATO adds value to the international effort in two ways.

First, calls for diversification highlight the wider membership and partnership of the alliance, including major producers and transit states — particularly the United States, Canada and Norway,

the EU — so its NATO membership provides an important political and institutional mechanism for engagement.

Second, the search for diversification leads toward regions of greater political instability and greater vulnerability to conflict or terrorist and pirate attacks. Thus there is a clearer need for coordinated military protection for such supplies and routes. This is evident in Nigeria, a key oil

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producer for NATO member states. Nigeria is an important focus for NATO, given the violent activity and threats posed by the Movement for the Emancipation of the Niger Delta, which seeks greater control over Niger Delta oil production. Such activity clearly affects supplies, the effective exploitation of resources and the price of oil. A second example is that of piracy off the Horn of Africa, a problem that became increasingly prominent in 2008. To increase security, NATO responded with Operation Allied Provider, from Oct. 24 to Dec. 12, 2008, and coordinated the handover of that mission to the EU naval forces’ Operation Atalanta.⁵ While piracy is a problem for all shipping, its relevance to energy security was highlighted when pirates seized the MV Sirius Star, a supertanker that carries about 25 percent of Saudi Arabia’s daily oil production. A number of attacks have taken place against other tankers, including the Abdul Kalam Azad and the Kriti Episcopi.⁶

By emphasizing its naval capabilities, NATO can bring a capacity that other major energy organizations, including the EU and International Energy Agency, do not possess. Thus, the alliance can add value to the wider international energy security effort. NATO’s maritime situational awareness facilitates monitoring activity on the high seas and the sharing of data among NATO navies. The alliance also coordinates naval assets to protect oil and gas shipments, such as liquefied natural gas-carrying tankers on the high seas.

To be sure, there are limitations to what a consensus-bound organization can do to project power. But important questions remain, not the least of which is who would pay for the alliance

System manager Bela Balint monitors natural gas flow at the FGSZ Natural Gas Supply Corp. system control center in Siofok, Hungary.



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which are major energy producers and members of the alliance but not of the European Union. It also provides an important window to the Arctic region, which will become an increasingly important element of the energy supply chain. Turkey, another NATO member, is a key energy transit state and major energy hub for European supplies — indeed it is crucial for plans for European energy diversification.⁴ But at the same time, Turkey has a complex relationship with

A gauge in Hajdúszoboszló, Hungary, shows the pressure inside a pipeline from Ukraine bearing Russian natural gas.

Some leaders contend that NATO intervention into energy security may cause a bigger split in the Russia-EU energy dispute.

to protect the assets of independent companies? Nevertheless, the intention to diversify energy sources, routes and types — particularly given the increasing role of liquefied natural gas in energy supplies — will only increase the use of sea lanes and the need to protect them with naval assets.

European Energy Security: A Risk for NATO

But at the same time it tries to cast this complementary military security role, the alliance risks becoming entangled in other problems in which different organizations play the main roles and in which NATO has little, if any, constructive role. Indeed, by becoming involved, the alliance may exacerbate the very problem it seeks to address. This applies particularly to the nature of Russia's energy partnership with the EU and especially the tensions inherent in the Russia-Ukraine energy relationship framed by the ongoing gas price problem between Gazprom and NJS Naftogaz of Ukraine. The ramifications of the problem already have had a major impact on gas supplies to European (including NATO member) states. Despite the long-running nature of the problem and more immediate clear warning signs in December 2008, the cutoff — let alone its rapid escalation — appeared to surprise many in the Euro-Atlantic community.

The resolution in January 2009 of the immediate problem, which centered on the inability to agree on a price for Russian gas supply to Ukraine, and a tariff for the transit of Russian gas to Europe before the end of previous agreements on Dec. 31, 2009,⁷ did not resolve an important underlying issue: Naftogaz Ukraine's ability to pay for gas supplies to Ukraine. The agreement stipulated the energy company must complete payments for monthly gas imports by the seventh day of the following month. This was not broken. But the perilous state of



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the Ukrainian economy and, more specifically, the financial status of Naftogaz Ukraine itself generated concerns about its ability to pay. This surfaced in late May 2009, when Russian Prime Minister Vladimir Putin noted Moscow's concerns about the Ukrainian side's ability to make the payments.⁸ An agreement reached by Putin and Ukrainian Prime Minister Yulia Tymoshenko in early September 2009 appears to have temporarily relieved some of the more pressing issues, particularly regarding the amount of gas Ukraine will import from Russia. But the financial status of Naftogaz Ukraine itself and its ability to pay remains a concern, and the parties could revisit the agreement if the Ukrainian economy improves.

Moreover, the wider picture of relationships among the EU, Ukraine and Russia — and Russia's place in the European "energy architecture" — remains complex. Russian Deputy Prime Minister Igor Sechin noted the uncertainty created when the EU and Ukraine signed a gas pipeline declaration in

March 2009, arguing that changes to the management of Ukrainian gas transport make it impossible for Gazprom "to unilaterally finance its Ukrainian partners."⁹ This highlights the wider tensions over responsibility.

European Commission President José Manuel Barroso considers the problem to be "mainly between Russia and Ukraine." However, Russian President Dmitry Medvedev argues this is "not just a problem for Russia and Ukraine, as some people occasionally try to paint it," and insists the EU plays a role in supporting Ukraine financially (while at the same time Moscow appears to seek bilateral agreements with Ukraine). Significantly, Moscow proposes the EU consider different options for financing supplies. And, "if the European financial institutions decide that this kind of work is possible, then the Russian Federation will consider how much it can contribute."¹⁰ (Emphasis added.) This is an important point: Moscow increasingly paints the EU as the actor who should take more responsibility — having decried the EU's



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To keep up with the European Union demand for natural gas, Russian gas giant Gazprom continues building pipelines from its fields, like this one constructed near the Arctic Circle, to its customers.

inability to respond appropriately in January 2009.¹¹

Indeed, more broadly, the European energy architecture is at an important moment. Moscow argues that the Energy Charter Treaty, or ECT, is out of date and unable to meet current challenges as exemplified by the gas dispute in January 2009. Medvedev stated in May 2009 that “Russia is not a party to the charter and will not implement it ... Clearly, other instruments ... are needed.”¹² Though the EU has sought to emphasize that the treaty remains the cornerstone of the legal framework of European energy, Moscow has launched a series of proposals for the reconsideration of the energy architecture. It appears willing to withdraw from the treaty altogether. Order number 1055-r of the Russian government, signed by Putin, announced Russia’s “intention not to become a participant” of the ECT.

NATO’s Best Bet

The flux caused by Moscow’s effort to reconsider the overall European energy architecture and the explicit mention of the impact of the January 2009 dispute in NATO’s Strasbourg-Kehl Declaration are important developments for the alliance. They suggest that because of its impact on member states, a future gas price and transit dispute may be an alliance problem.

However, this opens an important gap between intentions and capabilities, since it remains unclear what added-value role the alliance might play in resolving such an event, beyond the purely internal approach of encouraging member states to fulfill their gas storage commitments (which should be a regular role, regardless of any imminent gas dispute).

To be sure, the economic, technical and commer-

cial aspects of the dispute took on a political and even a security aspect in January 2009. But while NATO should pay close attention to the nature of the legal foundations of Europe’s energy architecture, a dispute should not be an incentive for the alliance to become involved in what is essentially an EU issue.

A NATO intervention is likely only to serve to entrench the established political positions, particularly in Moscow, but also in Kiev, and drive a deeper wedge into the dispute. Moreover, NATO risks an internal split over such a role, since it may prove difficult to achieve consensus across the alliance on whether NATO could respond, let alone how. Externally, NATO risks the perception it is unwilling or unable to fulfill its agenda by inaction or by being drawn into an escalating situation in which it has little capacity to act.

Instead of focusing on Europe’s energy security, it is increasingly necessary for NATO to more clearly define its geographically broader military security role. □

1. Speech by NATO Secretary-General Jaap de Hoop Scheffer, Energy Security in the 21st Century, Oct. 23, 2008, <http://www.nato.int/docu/speech/2008/s081023b.html>
2. The key points concerning the future security of energy supply remain well-known. There is an ongoing need for much greater internal solidarity and coordination within the European market, first and foremost in the EU. Second, the strategic problem remains the efficient exploitation of energy resources. The current economic climate suggests a low investment period into both upstream exploitation and infrastructure projects. This indicates the likelihood of stagnation in hydrocarbon production, particularly gas. However, these issues lie outside the NATO discussion and are not discussed in this paper.
3. Strasbourg-Kehl Summit Declaration, April 4, 2009, Paragraph 59, http://www.nato.int/cps/en/natolive/news_52837.htm?mode=pressrelease;
4. For a more in-depth examination of the decisions taken at Bucharest and NATO’s energy security role, see this author’s Energy Security: NATO’s Limited, Complementary Role, NATO Defense College Research Paper, No. 36, May 2008, http://www.ndc.nato.int/download/publications/rp_36en.pdf
5. Major routes include the Turkish Straits, the Baku-Tbilisi-Ceyhan and Baku-Tbilisi-Erzurum. The Nabucco project also plans a route through Turkey. The collection of so many routes through one state might raise the question of the extent to which this is true diversification. This point becomes all the more salient given Turkey’s strategic energy relationship with Russia.
6. “NATO Hands Over Counter-Piracy Operation to EU,” Dec. 15, <http://www.nato.int/docu/update/2008/12-december/e1215a.html>
7. The Kiti Episcopi called on the EU naval force, which responded and thwarted the attack.
8. Useful examinations of this complex dispute can be found in John Roberts’ Russia and the CIS: Energy Relations in the Wake of the Russia-Ukraine Gas Crisis, February 2009, http://www.iss.europa.eu/index.php?id=18&no_cache=1&tx_ttnews%5Btt_news%5D=1155&tx_ttnews%5BbackPid%5D=128&cHash=73eb24b0d0; and S. Pirani, J. Stern & K. Yafimova’s The Russo-Ukrainian Gas Dispute of January 2009: a Comprehensive Assessment, Oxford Institute for Energy Studies Paper, NG27, February 2009.
9. Statement by Russian Prime Minister Vladimir Putin, May 29, 2009, <http://www.premier.gov.ru/eng/events/2956.html>
10. Beginning of working meeting with Russian Deputy Prime Minister Igor Sechin, June 3, 2009, http://www.kremlin.ru/eng/speeches/2009/06/03/1648_type82913_217202.shtml
11. Ibid.
12. There is an interesting parallel here with Moscow’s emphasis on the EU’s responsibility for monitoring the ceasefire lines in Georgia.
13. Russian President Dmitry Medvedev spoke at the news conference after the EU-Russia summit in Khabarovsk, May 21-22, 2009, http://eng.kremlin.ru/speeches/2009/05/22/1419_type82915_216713.shtml