

The role for Cooperative Security in energy conflicts

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Recent years have seen a remarkable transformation in the importance that energy relations play in states and societies around the globe. At least since the onset of modern forms of mechanized warfare, energy has had a strong geostrategic and security dimension — perhaps first beginning with the conversion of the British navy from coal to oil fired engines under Winston Churchill. For much of the Twentieth Century, the Middle East acquired a key strategic role because of its importance in the supply of oil to world markets. Over the past decade, however, there has been a pronounced shift in the nature of energy's role and the perception of its significance. Energy has moved to the centre of the international security agenda.

The factors that have promoted this shift are complex and diverse but it is possible to identify a core set of developments. Firstly, the global economy has begun to undergo profound changes with the rise of the new large Asian economies of India and China. As a result, the main new demand for energy has shifted outside the traditional OECD industrialized economies for the first time. Often the new consumer companies have sought to pursue their energy ambitions through national energy companies, reinforcing the move away from market based approaches to energy that has been promoted by producer countries over recent decades. Finally, the world has entered the era of the decline of 'easy energy' as the large, relatively cheap, hydrocarbon reserves located near consumer markets have become exhausted. New energy reserves are increasingly in geographically inaccessible regions — the Arctic — or in areas that are landlocked — for example the Caspian region.

Together these developments have promoted an increased competition over gaining access to energy resources and a focus on their secure and reliable transport to the market. In Eurasia, this combination of factors has been compounded by the break-up of the Soviet Union at the beginning of the 1990s. The collapse of the Soviet order did not simply result in the creation of new states to replace the USSR, it also led to the fragmentation of the unified Soviet energy system. During the Soviet period, energy infrastructure was constructed without attention to what have now become international borders. Pipelines and electricity transmission networks as well as power generation capacity were created within a single economic and political space.

The fragmentation of this formerly unified energy system with the disintegration of the Soviet state has led to the creation of distinct national legal, political and economic systems to manage this complex system. As the Ukraine-

Russia gas relationship has demonstrated, in the sometimes tense political circumstances of the post-Soviet territories, it can prove difficult to manage the formerly unified system with multiple actors. Indeed, in a situation where neighbouring states have problematic relations or have even been involved in conflict, such as in the Caucasus region, energy has become an issue than can promote the further deterioration of relations between countries.

In Eurasia, the impact of difficult energy relations has so far been felt most acutely in the western and southern areas of the former Soviet Union. Today though, the states of Central Asia are caught up in a cycle of deteriorating relations over the construction of upstream hydropower electricity generation capacity and the potential impact of such initiatives on down stream water supply and agriculture. Already this issue has prompted some undiplomatic language, while at the end of November 2009 Uzbekistan announced its unilateral withdrawal from the former Soviet Central Asian electricity grid.

The growing tension over energy, which is caused by far reaching global trends as well as regional developments, is a cause for concern. The issue of energy generally falls outside the sphere of established security organizations such as the Organisation for Security and Cooperation in Europe (OSCE), the North Atlantic Treaty Organisation (NATO) or even of newly established ones in the east such as the Shanghai Cooperation Organisation or the Collective Security Treaty Organisation. At the same time, the international organizations that normally address energy security issues such as the International Energy Agency, OPEC, the Energy Charter Treaty lack either the geographic scope or the diplomatic mandate in respect to conflicts over energy.

Important efforts have been made to strengthen the capacity of international organizations to address energy conflicts. The OSCE has, for several years, conducted an energy security dialogue. NATO has examined a possible role in the protection of critical energy infrastructure, while international energy organizations have seen an increased participation by diplomats alongside the conventional representatives from energy ministries as a way to strengthen the political dimension of their activities. None of these initiatives has however, led to the creation of the necessary expertise, capacity and mandates at the international level to address energy conflicts effectively.

Instead, the approach taken has generally been to try to manage concerns over energy security through bilateral initiatives. Such an approach does not so much address the root causes of energy conflict and build confidence as seek to bypass problems and to place energy at the centre of power politics. The European Union and the Russian Federation have each adopted policies of diversification. The Russian Federation is pursuing a policy of diversifying its gas supply routes away from Ukraine with the creation of the North and South Stream pipelines. The European Union has primarily been seeking to diversify its supplies away from Russia, through increasing supplies from North Africa and the Middle East, as well as the Caspian Region and from LNG.

In fact, policies of diversification have contributed to a growing negative competition over pipelines. Indeed, pipelines have become increasingly geopolitical rather than commercial projects and increasingly appear to rest on zero-sum thinking about energy security. Policies of diversification do not serve to rebuild the trust that is lacking in international energy relations; rather they seek to isolate countries from reliance on each other.

In fact, the reality of the modern energy sector is a growing interdependence of energy relations. Countries are growing more and more reliant on buying and selling energy resources. Diversification can provide a degree of insulation from this trend but no country can be independent from the modern energy trade. Diversification also carries with it a high cost, in terms of the construction of new infrastructure, the increased costs of energy, as well as the negative impact they can have on political relationships.

In these circumstances, there is a clear case for developing a new approach to international energy relations. At the heart of such an initiative must be an effort to build genuine and mutually advantageous cooperation in energy relations between producer, transit and consumer countries. Ultimately, all countries along the energy chain would benefit more from a positive and friendly energy trade rather than from an antagonistic and geopolitical approach.

Clearly there are obstacles to achieving a position in which energy relations are positive sum. As noted earlier,

energy has become a volatile issue under the pressure of a large scale global economic realignment and changes in the availability of hydrocarbon resources. For Europe and Eurasia, the problems in the Eurasian gas system and the difficulty of reconciling the strong market preferences of consumer countries with a preference for other approaches by the producers are substantial.

All of this suggests that there is an urgent need to find new ways to address energy issues and in particular to develop a capacity in the areas of prevention, warning and management in respect to energy conflicts. Some efforts have already been launched in this regard. The European Union and the Russian Federation have established an early warning mechanism. The existence of this arrangement did not, however, stop the energy supply interruption of January 2009. Subsequently, the EU and Russia have agreed on a more substantial mechanism in November 2009. It is to be hoped that this will be more effective.

Such approaches, however, suffer from important drawbacks. The parties to such agreements are not neutral in conflicts — there is no honest broker foreseen in the mechanism. The mechanism so far has been bilateral; it has not included the transit countries (Ukraine in this case). There is thus a serious problem in moving from early warning to early action — there is no mandate in respect of access to the transit country and no agreed political mechanism for this. Once an energy conflict has begun, it is difficult for parties to the conflict to reach agreement on their own. In January 2009, the European Commission attempted to play a mediating role, deploying observers to Ukraine, but ultimately the EU was not seen as separate from the conflict and it was unable to resolve the dispute.


Thus, at a time when energy conflicts are becoming more common, the international community lacks the capacity to address them; energy conflict tends to fall through the gap between existing security and energy international organizations. Indeed, what is particular to energy conflicts is that they are often multidimensional — involving commercial, legal, political and security aspects. It is also clear that energy is in many ways a collective issue in which durable solutions can only be found through the inclusion of the voices of all countries involved, producer, consumer and transit.

The character of energy conflicts thus points to multilateral forums as likely the most effective frameworks for addressing energy conflict in a comprehensive fashion. Multilateral frameworks are neutral and can bring together all parties to the dispute. In the early 1990s, the international community showed considerable creativity in establishing the Office of the High Commissioner on National Minorities of the OSCE to address ethnic conflict — itself a multidimensional form of conflict that requires a comprehensive approach. Today, there is a pressing need for a similar institution with a mandate to engage in early warning and early action in energy conflicts through quiet diplomacy.

Careful interventions by such a conflict prevention mechanism could do much to prevent the escalation of energy conflicts to the point where there are supply cut offs — which can contribute to a worsening of relations between states. With a diplomatic approach, and backed by a small team with the necessary legal, regional and commercial expertise, such an office could also provide practical recommendations to the parties as to how to exit from conflict situations. The availability of a neutral mechanism such as this would also do much to depoliticize energy conflicts by removing them from bilateral relations. A Cooperative Security approach to energy conflicts — aiming at strengthening mutual trust and mutual benefits, and based on equality — could help to ensure that energy relations function to promote a stable international order rather than contribute to the rise of tensions. When the enormous economic costs and the damage to relations between states of energy

conflicts are considered, the price of a dedicated cooperative conflict prevention mechanism would certainly be value for money.





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Security and Human Rights (formerly Helsinki Monitor) is a journal devoted to issues inspired by the work and principles of the Organization for Security and Cooperation in Europe (OSCE). It looks at the challenge of building security through cooperation across the northern hemisphere, from Vancouver to Vladivostok, as well as how this experience can be applied to other parts of the world. It aims to stimulate thinking on the question of protecting and promoting human rights in a world faced with serious threats to security.

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