

Sanctioning Russia through energy? Think twice.

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The EU–Russia strategic partnership is running out of gas. While Moscow is finalising the annexation of Crimea – at the expense of Ukraine and international law – Europeans are responding with new punitive measures. At first these measures essentially consisted of economic sanctions targeted at the entourage of President Vladimir Putin. Now Europeans intend to go a step further. They want to break free of their energy dependence on Russia.

During their summit in Brussels last week, European leaders announced that they envisaged various solutions to lower their imports of Russian gas and oil over the next few years. About a third of the European Union's (EU) imports of gas and oil come from Russia. This energy dependence even reaches 100 per cent in some countries, including the Baltic States. Moscow's hand on the pipeline tap remains a constant threat, and never more so than when diplomatic relations sour, as they have in the aftermath of the Ukrainian crisis.

In the past the Kremlin did not hesitate to make use of the 'energy weapon' for political ends. It has modulated at will the price and flows of its natural resources. The objective of the European plan is, on the one hand, to shelter the European economy from the politico-energy pressures exerted by Moscow, and on the other to hit the main income source of the Russian economy – therefore sanctioning and weakening Putin's regime.

The European approach is legitimate in view of the current tensions. More fundamentally, Europeans have accumulated many frustrations over two decades of stagnating relations with Moscow. Russia has always been perceived more as a strategic challenge than a strategic partner. But there was nonetheless the hope that the former Soviet empire could modernise progressively and that eventually it would fully integrate within the Western order. This hope has waned today.

As legitimate as it may be, the European intention to diversify its energy sources contains a number of shortcomings or even contradictions. To begin with, none of the existing alternatives to Russian energy resources is particularly satisfying. Natural gas, for instance, could be supplied

by Algeria, Qatar, Nigeria or a combination of these sources. However, these countries are not necessarily less troublesome nor more reliable partners than Russia, according to most standards. In addition, the import of liquefied gas from these countries would be more expensive and therefore have a negative impact on a European economy that is barely recovering from the crisis – and already suffering in an energy market that is expensive compared to those of some economic competitors, such as the United States (US). The available intra-European resources – including shale gas or coal – bear a high environmental cost, which is hardly compatible with the climate objectives set by the European Commission.

Secondly, if Europe depends on Russia for energy, the reverse is equally true. Close to 80 per cent of Russian exports of oil and gas feed the European market. A diminution of European demand would thus have an enormous impact on the Russian economy. Most Russian pipelines run westwards and there is therefore no other accessible market for their resources – at least in the short term. Paradoxically, however, Europeans could well push Russia to reorienting its pipelines eastwards towards the Asian market either wholly or partially. This is an old project, never realised due to a lack of money and political will. But all this might change now.

China, followed by other Asian economies, covets the natural resources of its neighbour. Russia has already invested massively in its eastern territories, like Siberia, while China has acquired important rights to the Russian oil concessions in the Arctic. When Putin goes to Beijing for an official visit in May, the two powers could sign a major energy supply contract. In their attempt to punish Russia for its sins in Ukraine, Europeans could incidentally open a new chapter in China–Russia relations. A reinforced axis between Beijing and Moscow could be a high price to pay for Europe's show of strength. This axis is still weak today, but it could potentially become a formidable counterweight to the transatlantic alliance.

Thirdly, the energy link between Russia and Europe has always been guarantor of a certain regional stability. In international relations theory, a deep economic interdependence between two countries significantly lowers the risk of conflict, because both sides would have too much to lose. In other times, the annexation of Crimea would have triggered a war. Nowadays diplomacy prevails, even if it is coercive diplomacy. If the energy network between Europe and Russia is dismantled, could we still prevent an inevitable escalation?

The Ukrainian crisis pushes Europeans to rethink their external policy, and more particularly their contribution to regional security. On the one hand, the transatlantic partnership will emerge from this crisis strengthened, as confirmed by the visit of Barack Obama to Brussels this week. On the other hand, relations with Russia certainly require a review, but preferably without losing contact. Russia remains an indispensable partner in most international dossiers. Europe should also beware of facilitating a new Beijing–Moscow axis that is hostile to European interests. The visit of Chinese President Xi Jinping to Brussels in a few days' time offers a great opportunity for Europeans to make their case.

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