

EU-Russian Energy Relations

1. Outline

The course takes stock of the following issues: benefits and drawbacks of liberalization and state interference in energy; the security of supply and demand; cooperation in energy efficiency and the development of renewable sources of energy. All these aspects are examined both in general and in the context of the EU's and Russian energy policies as well as their relations in this field. The course also reviews patterns of interaction of various EU and Russian public and private actors. EU-Russian energy relations are analyzed and explored in both bilateral and multilateral contexts. The course facilitates the development of necessary skills to analyze the dynamics of EU-Russian relations, and to construct prognoses of their future developments. It consists of lectures, discussions, and a role play simulation, i.e. relies to a considerable degree on active methods of learning.

2. Syllabus

Session 1: Introduction (4 hours - lectures)

Course structure; course requirements. Methodology of the course.

What is the European Union: explaining the nature of the beast; gauging it against a traditional actor (Russia). EU energy supply and demand; the need for import of energy goods and its dynamics.

Mandatory reading

- Egenhofer, C., Kurpas, S., Kaczynski, P.M., Van Schail, L. The Ever-Changing Union. An introduction to the History, Institutions and Decision-Making Process of the European Union. Brussels: CEPS, 2011.

Part 1. Actors in EU-Russian Energy Relations

Session 2: Public Actors (4 hours – a lecture and a seminar)

EU institutions and bodies. Member-states of the European Union vs. Central Bodies: division of competences, vision and policy priorities. Russian institutions and bodies: division of competences, vision and policy priorities.

Mandatory reading

- Braun, J.F. EU Energy Policy under the Treaty of Lisbon Rules. Between a new policy and business as usual. Brussels: EPIN Working Paper, February 2011. No. 31.
- Schmidt-Felzmann, A. EU Member States' Energy Relations with Russia: Conflicting Approaches to Securing Natural Gas Supplies // Geopolitics. 2011. Vol. 16. No. 3.
- Tkachenko, S. Actors in Russia's Energy Policy towards the EU // P. Aalto (ed.) The EU-Russian Energy Dialogue. Europe's Future Energy Security. Ashgate, 2008.

Session 3: Private Actors (4 hours – a lecture and a seminar)

Companies in the EU and Russia, and their associations. Relationships between companies and public bodies in the EU and Russia. Lobbying as a legitimate activity? What sort of Lobbying?

Mandatory reading

- Attitudes on issues related to EU Energy Policy. Analytical report. Luxembourg: European Commission, April 2007. Eurobarometre.
- Pleines, H. Russian Business Interests and the Enlarged European Union // Post-Communist Economies. 2005. Vol. 17. No 3.
- Mazey, S., Richardson, J. Interest Groups and EU Policy-Making: Organisational Logic and Venue Shopping. // European Union Power and Policy-Making. J. Richardson (ed.). New York: Routledge, 2006. 3rd edition.
- Zhiznin, S. Energy Diplomacy. Russia and the World. Moscow” East Brook, 2007. Pp. 477-522.

Part 2. Issues in EU-Russian Energy Relations.

Sessions 4-5: Liberalization vs. State-Interference: where the boundary lies? (8 hours – 2 lectures and 2 seminars)

Liberalization of energy markets: the nature of the process and its logics. Stages of liberalization of the EU’s energy market. Why does the EU’s liberalization need Russian liberalization? Achievements and failures of the process. The problem of legislative expansion and legislative imperialism.

The problem of energy infrastructure, its development and structure of ownership.

State control as a legitimate alternative? Advantages and disadvantages of the state ownership in energy. The problem of the resource curse.

Mandatory reading

- Commission of the European Communities. An Energy Policy for Europe. Communication to the European Council and the European Parliament. Brussels, 10.01.2007. COM(2007)1 final.
- Heinrich, A. Under the Kremlin's Thumb: Does Increased State Control in the Russian Gas Sector Endanger European Energy Security? // Europe-Asia Studies. 2008. Vol. 60. No. 9.
- Haase, N. European Gas Market Liberalisation: Are Regulatory Regimes Moving Towards Convergence? Oxford: Oxford Institute for Energy Studies, 2008. May. NG 24.
- Hauteclouque, A., Glachant, J.-M. Long-Term Energy Supply Contracts In European Competition Policy. Fuzzy Not Crazy // Energy Policy. 2009. Vol. 37. Pp. 5399–5407.
- Kolstad, I., Wiig, A. It’s the rents, stupid! The political economy of the resource curse // Energy Policy. 2009. Vol. 37. Pp. 5317–5325.
- Pielow, J.-C., Brunekreeft, G., Ehlers, E. Legal and Economic Aspects of Ownership Unbundling in the EU // Journal of World Energy Law & Business. 2009. Vol. 2. No. 2.
- Romanova, T. Energy Policy of Russia: Still in a State of Flux // A. Spruds and T. Rostoks (eds.) Energy Pulling the Baltic Sea Region Together or Apart? Riga: Zinatne, 2009.

Sessions 6-7: Security of Supply vs. Security of Demand (8 hours – 2 lectures and 2 seminars)

Security of supply: the meaning of the concept. From the security to the safety of supply. The role of energy efficiency and green energy in the security of supply. Ways to ensure energy security: between markets and geopolitics.

Security of demand – a mirror concept? The nature and the structure of the concept and its development. Enhancing cooperation of producing countries.

Ways to ensure security of supply and security of demand.

Mandatory reading

- Energy Strategy of Russia for the Period up to 2030, approved by Decree N° 1715-r of the Government of the Russian Federation. Moscow, 13 November 2009.
- European Commission On security of energy supply and international cooperation - "The EU Energy Policy: Engaging with Partners beyond Our Borders". Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. COM(2011) 539 final. Brussels, 7.9.2011.
- Green Paper A European Strategy for Sustainable, Competitive and Secure Energy. Brussels, 8 March 2006. COM(2006) 105 final.
- Baumann, F., Simmerl, G. Between Conflict and Convergence: The EU Member States and the Quest for a Common External Energy Policy. CAP Discussion Paper, February 2011.
- Haghighi, S.S. Energy Security and the Division of Competences between the European Community and its Member States // European Law Journal. 2008. Vol. 14. No. 4. July.
- Kaveshnikov, N. The issue of energy security in relations between Russia and the European Union // European Security. 2010. Vol. 19. No 4.
- Mathias R. Poland as a Policy Entrepreneur in European External Energy Policy: Towards Greater Energy Solidarity vis-à-vis Russia? // Geopolitics. 2011. Vol. 16. No 3.
- McGowan, F. Can the European Union's Market Liberalism Ensure Energy Security in a Time of 'Economic Nationalism'? // Journal of Contemporary European Studies. 2008. Vol. 4. No. 2.
- McGowan, F. Putting Energy Insecurity into Historical Context: European Responses to the Energy Crises of the 1970s and 2000s // Geopolitics. 2011. Vol. 16. No 3.
- Noël, P. A Market Between us: Reducing the Political Cost of Europe's Dependence on Russian Gas. 2009. EPRG Working Paper 0916.
- Percival, B.R. The Risk of Energy Securitization on the Eurasian Continent. The Hague: Clingendael, 2008.
- Pirani, S., Stern, J., Yafimava, K. The Russo-Ukrainian gas dispute of January 2009: a comprehensive assessment. Oxford: Oxford Institute for Energy Studies, February 2009. NG 27.
- Romanova T. The Russian Perspective on the Energy Dialogue // Journal of Contemporary European Studies. 2008. Vol. 16. Issue 2. Pp. 219 – 230.
- Romanova T. Energy Security without Panic // Russia in Global Affairs. 2010. No 2. April-June.
- Youngs, R. Europe's External Energy Policy: Between Geopolitics and the Market. Brussels: CEPS, 2007. Working Document No. 278.

Session 8-9: Clean Energy Debates (8 hours – 2 lectures and 2 seminars)

Components of the clean energy agenda: improvement of energy efficiency, decrease of CO₂ emissions, development of renewable sources of energy. The EU's and Russian views on cooperation in these fields. The reasons for the effective cooperation.

Negotiations on Kyoto protocol and Russian role in it. Post-Kyoto protocol and Russian approaches, How does the Kyoto protocol affect EU-Russian energy relations? Sectoral aspects of CO₂ emission reduction, the power struggle in the International Civil Aviation Organization and in the International Maritime Organization, and its effect on EU-Russian energy relations.

Mandatory reading

- Communication from the Commission to the European Parliament, the Council. Renewable Energy: Progressing towards the 2020 target. Brussels, 31.1.2011. COM(2011) 31 final.

- Court of Justice of the European Union *Air Transport Association of America and Others v Secretary of State for Energy and Climate Change*. The directive including aviation activities in the EU's emissions trading scheme is valid. Luxembourg, 21 December 2011. Press Release No 139/11.
- Energy Strategy of Russia for the Period up to 2030, approved by Decree N° 1715-r of the Government of the Russian Federation. Moscow, 13 November 2009.
- Bechberger, M. *The Strategic Value of European Renewable Energy Promotion Policy*. Barcelona: IUEE, 2011. Breve IUEE No 4.
- Helm, D. *Climates of Change: Sustainability Challenges for Enterprise*. EU climate-change policy—a critique. In: D. Helm and C. Hepburn (eds.) *From The Economics and Politics of Climate Change*, edited by Dieter Helm and Cameron. OUP, 2009.
- *Improving Energy Relations with Russia: The Roles of Energy Efficiency and Alternative Energy*. Washington: Jefferson Institute, 2009.
- Klessmann, C., Held, A., Rathmann, M., Ragwitz, M. Status and perspectives of renewable energy policy and deployment in the European Union—What is needed to reach the 2020 targets? // *Energy Policy*. 2011. Vol. 39. Pp. 7637–7657.
- Kononenko, V. *Russia-EU cooperation on energy efficiency*. Helsinki: The Finnish Institute of International Affairs, 2010. Briefing Paper. No 68.
- Romanova, T. *Legal Approximation in Energy: A New Approach for the European Union and Russia* In: C. Kuzemko, M. Keating, A. Goldthau, A. Belyi (eds.) *Political Economy in Energy*, Palgrave, 2012

Part 3. Frameworks for EU-Russian Cooperation: from Multilateral to Bilateral and back to Multilateral?

Session 10: Energy Charter and its Treaty (4 hours – a lecture and a seminar)

How did the Energy Charter and its Treaty come about? The structure of the Energy Charter and its Treaty: trade, investments, infrastructure and energy efficiency. The logics of the evolution of the Energy Charter Process. The reasons for Russian opposition to it. A Russian alternative to the Energy Charter Treaty.

Mandatory reading

- Energy Charter Treaty. Lisbon, 1994.
- Energy Charter Secretariat. Decision. Brussels, 24 November 2010.
- Belyi, A. *Russian Perspective on the Energy Charter Treaty*. Madrid: Real Instituto Elcano. 2009. ARI 98.
- Belyi, A., Nappert, S., Pogoretsky, V. *Modernizing the Energy Charter Process? The Energy Charter Conference Road Map and the Russian Draft Convention on Energy Security* // *Oil, Gas & Energy Law Intelligence*. 2011. March.
- Konoplyanik, A., *A Common Russia-EU Energy Space: the New EU-Russian Partnership Agreement, Acquis Communautaires and the Energy Charter* // *Journal of Energy and Natural Resources Law*. 2009. Vol. 27. No 2.
- Russian Federation *Conceptual Approach to the New Legal Framework for Energy Cooperation (Goals and Principles)*. Moscow, April 21, 2009.
- Selivanova Y. *The Energy Charter and the International Energy Governance*. In: C. Herrmann and J.P. Terhechte (eds.), *European Yearbook of International Economic Law (EYIEL)*. 2012. Vol. 3.

Session 11-12: Partnership and Cooperation Agreement, EU-Russian Common Economic Space (2005) and Partnership for Modernisation (2010) (8 hours – 2 lectures and 2 seminars)

The role of the Partnership and Cooperation Agreement in structuring EU-Russian energy relations. Its contribution to the agenda of EU-Russian relations and to its implementation. Energy dialogue as the first example of the growing transnational interaction. Its structure, logics, issues' evolution and current state. The significance of enhanced transnational relations for EU-Russian energy relations.

Mandatory reading

- Agreement on Partnership and Cooperation, Establishing a Partnership between the European Communities and their Member States, of the one part, and the Russian Federation, of the other part. 27 November, 1997.
- Emerson, M. EU-Russia Four Common Spaces and the Proliferation of the Fuzzy. Brussels, 2005. CEPS Policy Brief. No. 71.
- European Commission. EU-Russia Common Spaces - 2010 Progress Report Brussels, April 2011.
- Frellesen, T., Rontoyanni, C. EU-Russian Political Relations: Negotiating the Common Spaces. In: J. Gower and G. Timmins (eds.) Russia and Europe in the Twenty-First Century. Anthem Press, 2007.
- Hillion, C. Institutional Aspects of the Partnership between the European Union and the Newly Independent States of the Former Soviet Union: Case Studies of Russia and Ukraine // Common Market Law Review. 2000. Vol. 37: 1211–1235.
- Joint Statement on the Partnership for Modernisation. EU-Russia Summit 31 May-1 June 2010. Rostov-on-Don, 1 June 2010.
- Roadmap on Common Economic Space. Moscow, 10 May 2005.
- Romanova T., Zaslavskaya N. EU-Russia: towards the Four Spaces. // Baltic Defence Review. 2004. Vol.2. No.12.
- Work Plan for Activities within the EU-Russian Partnership for Modernisation. Working Document. 7 December 2010.

Session 13: EU-Russian Energy dialogue (4 hours – a lecture and a seminar)

The contribution of new EU-Russian initiatives to EU-Russian relations: Common Economic space and its Roadmap; Partnership for Modernisation. Sharpening cooperation or imitating an active pattern of cooperation?

Mandatory reading

- Aalto, P. From Separate Policies to Dialogue? Natural Gas, Oil and Electricity on the Future Agenda of EU-Russian Energy Relations. Tartu: CEURUS, 2012. EU-Russian Paper. March.
- EU-Russian Energy Dialogue. The First Ten Years: 2000-2010. Brussels, 2010.
- Milov, V Russia-EU Energy Dialog: Filling a Vacuum // Russia in Global Affairs. 2007. No. 4.
- Romanova, T. The Political Economy of EU-Russian Energy-relations. In: Political Economy of Energy in Europe: Forces of Fragmentation and Integration. (G. Fermann (ed.)) Berliner Wissenschafts-Verlag, 2009.

Session 14: Multilateral Institutions rediscovered? G-8 and G-20 in EU-Russian Energy Relations (4 hours – a lecture and a seminar)

How do fuzzy institutions contribute to EU-Russian energy relations. A new agenda for the G-8 and its perspectives. What role for the G-20?

Mandatory reading

- Global Energy Security. St. Petersburg, Russia, 16 July 2006.
- Declaration International Partnership for Energy Efficiency Cooperation [IPEEC]. Aomori, Japan, 7-8 June 2008
- Strengthening Dialogue and Co-Operation on Energy Security in the OSCE Area. Decision No. 6/09. Athens, 2 December 2009.
- Van de Graaf, T., Westphal, K. The G8 and G20 as Global Steering Committees for Energy: Opportunities and Constraints //Global Policy. 2011. Vol. 2. September. Pp.19-30.

Session 15-16: Simulation Game: negotiations on the energy provisions of a new EU-Russian Partnership Agreement (8 hours – 2 hour lecture and 6 hours of seminars)

The aim of the simulation game is to wrap up the course by giving students an opportunity to apply in practice what they learnt during the course. All students will be divided into two teams (a Russian one and that of the EU) and will have two sessions to negotiate a deal. Their respective strategies should follow the logics that the EU and Russia pursue in these negotiations, which – for the time being – remain confidential.

Mandatory reading

- Arbatova, N. Russia-EU Quandary 2007 // Russian in Global Affairs. 2006. No. 2.
- Bordachev, T. Toward a Strategic Alliance // Russian in Global Affairs. 2006. No.2.
- Buras, P., Cameron, F., Ochmann, C., Zagorski, A. Prospects for a new EU-Russia Agreement. BertelsmannStiftung. Spotlight Europe. July 2008. No. 8.
- Emerson, M., Tassinari, F., Vahl, M. A New Agreement between the EU and Russia: Why, what and when. Brussels: CEPS, 2006. Policy Brief No. 103.
- Meerts, P. (ed.) Negotiating with the Russian Bear: Lessons for the EU? Bruges: College of Europe, 2009. EU Diplomacy Paper. No. 8.
- Sokolov, S. Russia and the EU to Negotiate a New Cooperation Agreement // Russia in Global Affairs. 2007. No. 2.
- Towards an Alliance of Europe. Analytical Report by the Russian Group of the Valdai International Discussion Club. St.Petersburg –Kizhi – Valaam – Moscow, 31st August — 7th September 2010.

Conclusions (2 hours – a lecture and a seminar)

Course conclusions, discussion on the future of EU-Russian relations.

Mandatory reading

- Roadmap of the EU-Russia Energy Cooperation until 2050. Progress report. Expert papers. 29 July 2011.

3. Prerequisite

Students should be familiar with basics categories of political science and economic theory. The knowledge of the EU, its policies and institutions, is big plus (therefore, taking the course *EU Politics, Law and Institutions* is strongly recommended to those, who do not specialize in European studies.

4. Author

Dr. Tatiana Romanova, Associate Professor

5. Examination type

Students are assessed in the following way:

- class attendance and participation in discussions – 30%
- simulation game – 30%
- final exam – 40% (it consists of open questions on the content of the course, on literature as well as of a short essay, written in the class).