

Universidade do Minho
Escola de Economia e Gestão

Andrea Marques Domingues

Interdependence as a risk factor for security: the energy relationship between Russia and the European Union



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Russia and the European Union**

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Mestrado em Relações Internacionais

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Professor Doutor José António Passos Palmeira

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STATEMENT OF INTEGRITY

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ABSTRACT

Interdependence as a risk factor for security: the energy relationship between Russia and the European Union

Despite expectations that interdependence between states guarantees a reduction in tensions between them, this theory has not been applied to energy relations between Russia and the European Union, where tensions have increased between the two sides. Both are caught up in the classic phenomenon of the security dilemma. As a result, both embarked on competitive foreign policies in their close neighbourhood, mainly in Ukraine, which has been the scene of competition between the two actors mostly since March 2014 with the annexation of Crimea by Russia. When considering the phenomenon of the security dilemma together with the concept of Realpolitik, this dissertation analyses the most prevalent aspect of the European Union-Russia relationship, being energy. In this way, we intend to analyse the consequences of interdependence on the security of the actors involved. Russia's action on Crimea was condemned by the EU through the application of sanctions and the suspension of political dialogue. Thus, it is assessed that interdependence prevents conflicts from becoming large-scale conflicts due to the economic costs that can result. However, the improbability of tensions to escalate into wars allows states to act in their interests and engage in acts of intimidation against each other to achieve their political goals. Russia's growing assertiveness in the countries of the former Soviet Union raises doubts about Russia's intentions in the European Union with the Nord Stream pipeline to deepen the European Union's dependence on Gazprom's natural gas supply. Nevertheless, the different bilateral relations that each member state of the European Union with Russia shows the lack of unity within the EU that is unable to reach a common position regarding the assertiveness of the Russian Federation, besides the approval and renewal of sanctions and the suspension of the political dialogue. Despite calls from several members of the European Union on the implications of the Nord Stream project, it appears that the principle of solidarity defended by the European Union is minimized when economic interests are at stake.

Keywords: Interdependence, Realpolitik, European Union, Russia

RESUMO ANALÍTICO

Interdependência como um fator de risco para a segurança: a relação energética entre a Rússia e a União Europeia

Apesar das expectativas de que a interdependência entre os estados garante uma redução das tensões entre eles, esta teoria não tem sido aplicada na relação energética entre a Rússia e a União Europeia, onde as tensões aumentaram entre as duas partes. Ambos estão presos no fenómeno clássico do dilema da segurança. Como resultado, ambos embarcaram em políticas externas competitivas em sua vizinhança próxima, principalmente na Ucrânia, que tem sido palco de competição entre os dois atores principalmente desde março de 2014 com a anexação da Crimeia pela Rússia. Ao considerar o fenómeno do dilema da segurança em conjunto com o conceito de Realpolitik, esta dissertação analisa o aspeto mais prevalente da relação União Europeia-Rússia que é a energia. Desta forma, pretendemos analisar as consequências da interdependência sobre a segurança dos atores envolvidos. A ação da Rússia na Crimeia foi condenada pela UE através da aplicação de sanções e da suspensão do diálogo político. Assim, avalia-se que a interdependência evita que os conflitos se transformem em conflitos de grande escala devido aos custos económicos que podem acarretar. No entanto, a improbabilidade de as tensões se transformarem em guerras permite que os estados ajam em seus interesses e se envolvam em atos de intimidação uns contra os outros para atingir seus objetivos políticos. A crescente assertividade da Rússia nos países da ex-União Soviética levanta dúvidas sobre as intenções da Rússia na União Europeia com o gasoduto Nord Stream a aprofundar a dependência da União Europeia do fornecimento de gás natural da Gazprom. No entanto, as diferentes relações bilaterais que cada Estado membro da União Europeia com a Rússia mostra a falta de unidade dentro da UE que não consegue chegar a uma posição comum quanto à assertividade da Federação Russa, além da aprovação e renovação de sanções e da suspensão do diálogo político. Apesar dos apelos de vários membros da União Europeia sobre as implicações do projecto Nord Stream, parece que o princípio da solidariedade defendido pela União Europeia é minimizado quando os interesses económicos estão em jogo.

Palavras-chave: Interdependência, Realpolitik, União Europeia, Rússia

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Abbreviations

CACR - Central Asia and the Caspian Region

CEE – Central and Eastern Europe

CIS – Commonwealth of Independent States

EaP- Eastern Partnership

EC- European Commission

EEU- Eurasian Economic Union

EU- European Union

EP- European Parliament

CACR - Central Asia and the Caspian Region

NATO- North Atlantic Treaty Organization

UN- United Nations

USSR- Union of Soviet Socialist Republics

WTO- World Trade Organization

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Introduction

March 2014 was marked by the invasion and appropriation of Ukrainian territory of Crimea by the Russian Federation. The history of Crimea is complex and represents a problematic situation between Ukraine and Russia. However, Russia's decision to invade Crimea and to annex it goes against international law and led the West to act. An action of this gravity could have led to military involvement by Western military forces however, due to the significant Russian military capability and, due to the interests that both parties share, economic sanctions have been applied (Rutland 2014). In fact, cuts have been made in the food and automobile markets that was felt in the economy since Russia is one of the main trading partners in these areas. Sanctions in the agri-food sector had an impact in the EU with exports falling from 11 billion to 6.3 billion between August 2014 and July 2015 (Szczepański 2015). Germany is Russia's largest trading partner, yet the sanctions caused exports in August 2014 to Russia to decrease by 26 percent compared to the previous year, which translates into a decrease of \$ 6 billion in just a year (Rutland 2014). However, despite sanctions in the energy sector, Russia continued to be the main energy supplier to the EU with an increase in the level of exports when comparing the values of 2013 and 2018. In 2013, Russia supplied about 39% of natural gas to the EU while in 2018, 40.1% of the natural gas imported by the European Union came from Russia, as did 32% of the imported petroleum products, these data make Russia the largest energy supplier in the EU (Eurostat).

In fact, the energy relationship between Russia and the EU dates to the year 1960, although both sides have different interests in terms of foreign and domestic policy, both show interest in maintaining negotiations on the energy sector. In fact, sanctions have proven to be inefficient due to the lack of cohesion within the Union itself. That is, each country that constitutes the EU maintains relations with Russia with different degrees of intensity and those that maintain greater relations fear that sanctions may interfere with their interests since the established cuts can have consequences on their economies. Hungary disapproves of EU sanctions because Russia is its main trading partner outside the EU and because of its dependence on the Russian natural gas market (BBC News 2014). The same opinion is observable in Slovakia, whose PM warned that sanctions could be harmful for EU economy (Reuters 2014). Finland also showed disagreement for the elaboration of sanctions (Dolidze 2015). However, in addition to the governments themselves, which fear reprisals in their countries' economies if the cuts in relations with Russia

appear to be too radical in their views, there are also European private identities, such as companies, that nurture relations with Russian companies. These companies profit from such relations and, as such, cuts in relations are not included in their objectives (Dalidze 2015). As an example, we have the German energy companies E.ON and Wintershall which in 2015 resumed cooperation with the Russian state-owned energy company Gazprom by signing a memorandum of intent for the expansion of the Nord Stream pipeline, which intends to send Russian gas to Germany via of the Baltic Sea aimed to end the dependence on gas trade between the EU and Russia for oil pipelines that pass through Ukraine (Siddi 2016).

As a result, some literature focuses on the relationship between both actors from the end of the Cold War to the crisis in Ukraine. Some literature characterizes the post-war EU-Russia relationship as divided between an initial period of optimism for cooperation, namely between the years 1992-1994, in an attempt to transmit democratic and liberal values to Russia, though this initiative resulted in tensions and competitiveness between both actors (Haukkala 2015; Cadier 2014; Nitoiu 2016). The EU's attempt to create a unipolar European order that defends liberal values and aims to integrate Russia has made Russia feel its influence threatened, namely by the EaP (Haukkala 2015, Cadier 2014). The rivalry between the actors has led to an escalation in events namely, political revolution, military intervention and territorial apprehension (Cadier 2014). It is said that the EU-Russia relationship represents a new Cold War, this time within Europe (Nitoiu 2016). The failure to build a unipolar Europe is linked to the division of EU member states which makes it difficult for the European Community to adopt a homogeneous approach towards Russia (Nitoiu 2016). Both actors directed their attention to the post-Soviet space and the clash of different values and visions of the international context makes the likelihood of conflict relatively high.

Barata (2014) also believes that we are experiencing a Cold War between the EU and Russia centred on competition in relation to Ukraine. Furthermore, Ukraine is strategically located on the main trade and energy routes to Central Asia, is an important economic partner and is a key element for European security architecture. However, the soft power that the EU has exercised over Ukraine proved to be ineffective when Russian troops entered Crimea and the response, both by the European Union and the international community in general, was the implementation of economic and diplomatic sanctions. Russia is an important energy partner for Ukraine so it continues to put pressure on Ukraine to increase its trade flow to the east to enjoy a reduction in rates, if Ukraine does not meet what is expected, it will suffer from energy cuts and economic blockages (Barata 2014).

In fact, the growing distrust between both actors can pose a danger, as both seek to diversify each other to ensure their own energy security, and in case Russia is unable to match the EU's long-term needs. The EU is looking for new sources, and Russia is looking for new markets. To retreat from this dependency, the EU has tried to find other markets and other energy means in order to move away from Russia. An alternative for the diversification of Europe's energy sources was the Nabucco gas pipeline project that aimed to transport natural gas between Turkey and Austria, but this project was cancelled in June 2013.

On the other hand, Russia considers Ukraine to be a fundamental part of the success of the Eurasian Economic Union, since Ukraine represents 46 million potential consumers and because it belongs to a large majority of Europe's energy routes, plus the fact that it is a Russian economic partner (Barata 2014). Since the decomposition of the Soviet Union, Russia has followed the carrot and stick policy towards Ukraine, threatening energy cuts if it enters into an alliance with the EU. Ukraine, for its part, has been incongruous, showing interest in integrating the EU but at the same time preserving relations with Russia. Several factors, such as governmental instability, strong dependence on Russia and corruption created a division in Ukrainian society itself, which revealed political, economic, social and energy non-military threats. Russia was appealing to those who were disappointed by the post-Soviet transition period and the lack of modernization of their countries under EU supervision. In addition, Moscow's soft power was also an attraction factor based on commercial ties, culture, linguistic, cultural, and religious ties, and the economic integration developed during the Cold War. The problems in Ukraine show the risks of lack of integration in the markets and the need for diversification. (Sharples: 2013)

In addition, the lack of unity within the European Union in relation to Russia was a factor of tension, since bilateral relations were mainly fuelled, namely between the great European states such as France, Germany, and Italy, in the scope of economic and energy interests. The predominant relationship between a European state and Russia is the relationship that Germany has been building with Russia since the end of the Cold War. In fact, Germany has put in place an integration mechanism for post-Soviet Russia, called New Ostpolitik, which consists of the idea that economic and political involvement with Russia would lead to positive changes, which shows a willingness to dialogue, cooperate, and reconcile with Russia. Indeed, after the annexation of Crimea, Germany was reluctant to apply sanctions against Russia. (John 2014)

Considering the facts mentioned above, the following investigation aims to defend the realist perspective that interdependence is a risk factor for security, unlike the liberal view that defends interdependence as a phenomenon that lowers the risk of conflicts and tensions. We argue that the absence of a higher authority in the international order causes states to seek to change the balance of power in their favour, since in the event of conflict, states have nowhere to rely other than themselves. The impending anarchy of the international order leads states to prioritize their own interests in order to guarantee their survival, at the same time that they see the other as a threat. Thus, the security dilemma is addressed in which neither state can increase its security without threatening the security of the other. In a case of interdependence, mutual needs in trade can motivate states to strengthen connections and, thus, reduce the chance of conflict. Consequently, the following thesis intends to deepen the branch of knowledge underlying the phenomenon of interdependence and its impact on the relationship between the actors involved by following the realist theory. We intend to support our arguments by analysing the relationship between the European Union and Russia in terms of energy which is the most prevalent aspects of the relationship between these actors, demonstrating a high interdependence between both. Emphasis will be given to the period after the annexation of Crimea, taking this event as counter to international law and the consequences that this implied for the EU-Russia relationship in economic and cooperation terms. In this way, the sanctions imposed by the European Union on Russia and the respective retaliations that this caused will be analysed, as well as the fact that natural gas has not been subject to sanctions will also be included in the analysis. In fact, considering that interdependence implies that actors depend on each other, the research question that arises is that considering the phenomena of interdependence, in which circumstances can we say that interdependence is a risk for security? To answer this question by analysing the case study of the EU-Russia energy relationship, concepts of structural realism such as the security dilemma and Realpolitik will be considered. Thus, the dissertation intends to prove the existence of Realpolitik in the EU-Russia relationship, namely through the fact that there was no total embargo by the EU, demonstrating that the interests of respective actors overlap with the confrontations that such events could trigger. As such, another issue arises, respectively, about the EU's lack of diversification of Russian energy markets, that is, since Russia appears to be an unreliable counterpart, why does the EU continue to negotiate with Russia instead of looking for other alternatives? Is it because of the lack of alternatives or because of the economic advantage that the relationship with Russia represents? What would be the consequences of a cut in the EU-Russia

relationship in the energy sector and what is the weakest link in this relationship? The possibility of the emergence of new tensions between the two actors in the future will be questioned when analysing the current situation in the Arctic, a strategic area common to the EU and Russia, which has a high energy potential. It is estimated that the Arctic has about 29% of the world's reserves of natural gas and 10% of oil reserves (The United States Geological Survey: 2008), in addition, the climate changes that cause melting in the Arctic allow for more accessible exploration of its natural resources and, successively, it has been subject to tensions within ten of the States involved in this area. Therefore, the theme's contemporaneity and complexity makes it valuable and helpful for the field of International Relations, considering interdependence as a phenomenon of the current international order. This theme is pertinent due to the controversy that is currently taking place around Nord Stream 2. There are doubts as to whether this extension of Nord Stream will actually be used in view of the geopolitical clashes between Russia and the EU that in recent years have increased since the start of construction of the gas pipeline. On the other hand, environmental concerns are increasing and the goal of reducing fossil fuel consumption is increasingly imminent among European governments.

In order to answer the research question, qualitative methods of bibliographic and documentary analysis will be used using the inductive method. Primary and secondary sources are analysed. The main primary sources analysed are documents from the European institutions and the Russian Federation. As secondary sources, several scientific articles, online media articles and books were analysed.

Thus, this thesis contains four chapters, the first chapter (Chapter I) being devoted to the theoretical structure. In this chapter we cover the concept of power and interdependence in different theoretical approaches. The last part of the first chapter is devoted to present the case of economic interdependence that we will be analysing, that is, the energy relationship between Russia and the European Union. Chapter II introduces relations between Russia and the EU in energy terms, focusing on a perspective before and after the annexation of Crimea. Chapter III analyses the problems in the EU-Russia relationship by analysing their points of conflict. Chapter IV refers to hypothetical situations of conflict that may escalate in the future, as in the case of the Arctic and questions the course of the energy relationship between both actors after the decarbonization policy is applied.

Chapter I – Economic Interdependence and Conflict in International Relations Theory

In the last few decades, the international order has been experiencing a predisposition for interdependence on the pretext of liberal thought that the growing cooperation between states has a stabilizing effect on the international order (Daddow 2013: 108). The events of the World Wars made the international sphere believe in the need to promote interdependence as a means of political instrument to carry out better political relations with former opponents. Such a vision gave rise to Germany's Ostpolitik in relation to the Soviet Union; cooperation organizations such as EU, NATO, etc; the opening of the WTO to China; among other examples (Mansfield, Pollins 2003). However, several scholars have been testing the liberal concept of interdependence and questioning the effects of interdependence on the relations between the respective states.

1.1 Cooperation and Power: Several Approaches

The discipline of International Relations aims to provide a better understanding of war and conflict, yet scholars in this area share different views about the reasons for the development of conflicts. Liberals believe that the likelihood of conflict is reduced if states engaged in cooperation processes "undertaken in international organizations and institutions as the UN and the EU" (Daddow 2013). They argue that the selfish nature of states is diminished by engaging in cooperation systems and that states are deterred from initiating conflict with their economic partners for fear of losing the commercial benefits that result from this cooperative relationship. In fact, Montesquieu (1989) claimed that "the natural effect of commerce is to lead to peace" Two nations that trade together become mutually dependent: "if one has an interest in buying, the other has an interest in selling, and all unions are based in mutual needs" (quoted in Grospeilier 2005: 8). The central logic of most conflict and interdependence studies is that states are less likely to engage in conflict if there are additional associated costs: "International commerce, being a transaction between nations, could conceivably also have a direct impact on the likelihood of peace and war: once again the (economic) interests might overcome the passions; specially the passion for conquest" (Hirschmann 1997 in Mansfield, Pollins 2003).

Nevertheless, not all studies share the same opinion. Marxist and Neo-Marxist theories argue that "economic interdependence is a source of conflict between developing and developed states, creating economic states, and fostering their economic and political domination by those

states that are more developed (Krickovic 2015: 5). After World War II, realism became the main school of thought with a strong critique of World War I that "prompted the fundamental rethinking both of the role of diplomacy and warfare, and the general causes of war" (Guzzini 1998: 15). Realist theory argues that conflicts and wars are the result of fear and distrust that states experience from each other (Daddow 2013). Such feelings have their source in the anarchic nature of the international order, since without a hierarchical figure, states are forced to act in order to guarantee their own security, as Schweller (2011) states: "Realism is a theory essentially about power and security. States relentlessly seek power and security because they exist in a self-help system."

In fact, Erik Gartzke (1998) asserts that dependent states are less likely to engage in wars due to the costs that it would cause them. Economic interdependence may exist because states negotiate to acquire strategic goods that are essential for industry and national defence by starting a conflict between them, interdependent states would go against their economic interests with higher costs than earnings (Blanchard, Ripsman 1996). Thus, when states realize that the prospect of war is unlikely, each state may opt for acts of brinkmanship against each other, in order to achieve its foreign policy objectives considering it is practically assured that such acts will not lead to the culmination of military conflicts. Interdependence can make states less likely to become involved in armed conflicts, but it can lead to an increase in concerns about each state's respective security (Krickovic 2015). This view allows a connection between realist and liberal ideologies about the link between interdependence and conflict, since it is argued that, in fact, there is conflict between states, but on a very small scale. In turn, the interests of each nation control the potential for conflicts to escalate (Mansfield, Pollins 2003).

Anarchy is a key concept of realist and neorealist theories of international politics (Williams 1996). Thomas Hobbes' view of anarchy is considered to be one of the foundations of the realist theory of international relations (Gallarotti 2013) as Smith indicates Hobbes' "analysis of the state of nature remains the defining feature of realist thought" (quoted in Williams 1996: 213) In his work "Leviathan", Hobbes explores human nature by idealizing a world without the existence of sovereign states, that is, in a "state of nature" where no means of regulation or consequence prevails. In such a world, the human being would be totally confined to his survival instincts, where there would be constant fear of others and survival would be the main objective of each human being. Thus, the world described by Hobbes is a world of self-interest in which individuals seek to safeguard their own security. Such behaviour causes a "state of war" that we can see in the behaviour between the states. Hobbesian World serves as a metaphor for the real nature of states

and the existence of conflict between them. Since there is no hegemonic authority, states experience constant fear and awe for their safety and are limited to their instincts to survive the acts of others that may jeopardize its safety. In an anarchic international system, states are not sure about other states' intentions, as Daddow (2013: 122) argues: "States do not always have hostile intentions, but even supposedly benign states might be masking ulterior motives, and intentions can change quickly. The possession of any offensive capability offers the potential for conflict at any moment in time, day or night." The author points out that the great powers are rational actors who are aware of their "external environment" which makes them to act strategically in order to preserve their security. "They think about how their behaviour affects the behaviour of other states in an endless game of power politics" (Daddow 2013: 122). These assumptions make the main goals of the great powers to be survival. They intend to protect their territorial integrity and the autonomy of the domestic political order, and they value security. Based on these principles, Mearsheimer structures a theory of offensive realism in his book "*The Tragedy of Great Power Politics*" (2001). The theory is based on patterns of behaviour such as fear, self-help and power maximization, in order to unravel the causes that lead states to interact violently with each other (Daddow 2013).

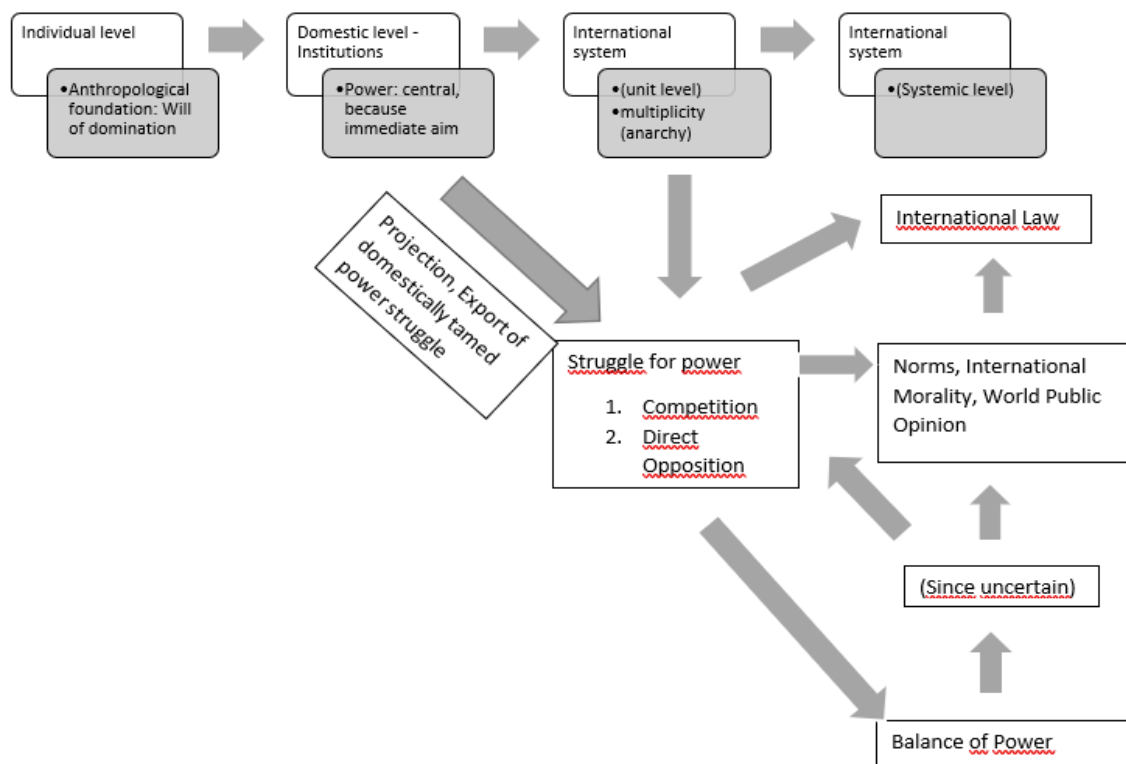


Figure 1. A synopsis of the explanatory approach in Hans J. Morgenthau's *Politics Among Nations* (Retrieved from *Realism in International Relations and International Political Economy*, Stefano Guzzini, 1998: 25)

Furthermore, Morgenthau explains in his work the struggle for power resented by nations as we can see in Figure 1. In his work "*Politics Among Nations*" (1948), Morgenthau attributes a psychological approach to the concept of power. The author points to three characteristics that dominate the human being: the drive to live, the drive to reproduce, and the drive to dominate (Morgenthau 1948: 17). As the above figure demonstrates, Morgenthau applies knowledge of anthropology to understand the behaviour between states. That is, at the individual level, the human being presents will of domination which is reflected at the domestic level where power is the core, which in turn is reflected at the international level where the states struggle for power.

However, Waltz's structural realism (1979) main argument is that there are structural causes for states' behaviour since different states tend to act similarly when they are in similar situations. Thus, Waltz added another factor to justify the behaviour of the states. Waltz points to the international system itself which "compels states to preserve their security by constantly building up their power" (quoted in Daddow 2013: 130). Waltz believes that the anarchic nature of the international system drives states to focus on their security while paying attention to the remaining states as potential threats. This is the states "must continually adjust their stance in a world in accordance with their reading of the power of others and of their own power" (quoted in Brown, Ainley 2009: 42). Such a procedure leads to the emergence of balance of power which main argument is that states seek to survive. Two ways of balance of power are through the domestic sphere and through the external sphere. In the domestic environment, states use "internal efforts", that is, to increase economic and military capacity. Externally, states use "external strategies" as the development of alliances in order to overthrow opposing alliances (Waltz 1979: 118).

Realism support that the ultimate goal of states is the acquisition of power, however, there is a division in the idea of the amount of power that states must achieve. On the surface of this question are offensive realists who believe that the main aim of states should be hegemony, as opposed to defensive realists who emphasize the search for "an appropriate amount of power" (Waltz 1979: 40). For the offensive realists, the constant search for more power is essential to guarantee survival, on the other hand, the defensive realists reject the search for hegemony with

the argument that "if states become too powerful, balancing will occur" (Mearsheimer 2006: 75). Mearsheimer (2006) defends this theory by giving as an example the fall of Napoleonic France, Imperial Germany, and even Nazi Germany in their attempt to dominate Europe. That is, in the view of the defensive realists, the excessive accumulation of power may jeopardize the security of the state. In fact, if a state attains great power, the remaining states tend to join alliances in order to diminish its influence or even destroy it.

1.2 Interdependence and Power

The concept of power is a fundamental element for theories regarding the description of relations among states, namely in the realist view that believes that "states always seek their own self-interest." (Sousa 2018: 11). On the other hand, liberals perceive power as economic and military capabilities (hard power), or politics, culture, education and institutions (soft power) (Nye 2004). Keohane and Nye (1977: 11) argue that the traditional view that states with the most "military power capabilities controlled world affairs" is overrated. Özbudun (1966: 54) states that "the post war era has witnessed radical transformations in the elements, the uses, and the achievements of power."

According to Keohane and Nye in their work "*Power and Interdependence: World Politics in Transition*" (1977: 8):

"Dependence means a state of being determined or significantly affected by external forces. Interdependence, most simply defined, means mutual dependence. Interdependence in world politics refers to situations characterized by reciprocal effects among countries or among actors in different countries."

Taking bilateral relations into consideration, concerns have arisen regarding the balance of power applied by each state, since one state may depend more on this interdependence than the other state and be more vulnerable to abuse by the other party. Keohane and Nye (1977) highlight two types of interdependence between states: symmetrical and asymmetric. In situations of symmetry, both depend equally on each other, on the contrary, in cases of asymmetry, one of the actors depends more on than the other. When interdependence is asymmetric, the less dependent state can take advantage of its position to exercise "bargaining over an issue" (Keohane,

Nye 1977: 11). Indeed, independent states are in stronger positions than states that depend on each other, thus becoming more influential (Waltz 2000).

Furthermore, Mearsheimer (2006) believes that balance of power is of high relevance for states, since there is constant competition between states to acquire more power or at least not to lose power. Thus, such competition between states leads to the emergence of conflicts between states in an anarchic system where states put their own interests ahead of the interests of the international community. The author argues that the great powers fear each other and fear the intentions of others because they "understand that they operate in a self-help world" (2006: 74). That is, since there is no hierarchical authority and, since states see each other as potential threats, they have nowhere to rely on if conflict arises, other than themselves. This congruence leads states to look for opportunities to shift the balance of power in their favour.

Thus, power can be perceived as a means for an actor to make others do something that they would not otherwise do, that is: "A has power over B to the extent that it can get B to do something that B would not otherwise do" (Cesnakas 2016: 20). In order to understand the role of power in interdependence, Keohane and Nye (1977: 13) distinguish two dimensions: sensitivity and vulnerability. They define these concepts as: "sensitivity means liability to costly effects imposed from outside before policies are altered to try to change the situation. Vulnerability can be defined as an actor's liability to suffer costs imposed by external events even after policies have been altered." In other words, sensitivity refers to how external events affect the states and the costs that that event brings. Keohane and Nye (1977) exemplify the phenomenon of sensitivity through the case of the US, Japan and Western Europe and how these countries were affected by the increase in oil prices in 1971, 1973 and 1975. Vulnerability refers to the alternatives that actors must deal with in case of adversities. Thus, in a case of interdependence, such a relationship can be beneficial if both actors have the same level of sensitivity and vulnerability. Simionov (2015) argues that interdependent relationships entail costs that involve sensitivity to external pressures and vulnerability since interdependence limits the autonomy of the actors involved.

Regarding interdependence itself, Waltz (2000) calls for the fact that it is a "weak" force among the ones that shapes international politics (2000: 14). That is, the author understands that interdependence allows peace to be favoured "by multiplying contacts among states and contributing to mutual understanding". However, he also states that interdependence is a means that can occasionally generate conflict that can result in "resentment and even war" (2000: 14).

In his opinion, interdependence conditions the freedom of each member involved, since it must not only consider its own interest, but also the interests of the other state involved. Waltz exposes this argument in his essay "*Structural Realism after the Cold War*" (2000: 14) through the following statement:

“Close interdependence is a condition in which one party can scarcely move without jostling others; a small push ripples through society. The closer the social bonds, the more extreme the effects becomes, and one cannot sensibly pursue an interest without taking others’ interests into account. One country is then inclined to treat another country’s acts as events within its own polity and to attempt to control them.”

However, although states engage in interdependent relationships, they nevertheless put their interests at the top of their priorities and avoid becoming too dependent on goods and resources. Once again, uncertainty between states prevails despite cooperating interdependently. They fear each other's intentions since, as Waltz states (2000: 10): "In the absence of an external authority, a state cannot be sure that today's friend will not be tomorrow's enemy ". States constantly seek power, regardless of whether they nurture a connection, the permanent uncertainty about the other's next steps lead to an attempt to increase their influence. However, in crucial situations, the primary concern of states is not for power but for security (Waltz 2008). States exist in an anarchic order and as such they depend on themselves to guarantee their security, which means that states "may only be doing what they can to bolster their security" (Waltz 2008: 59). Such line of reasoning leads to the Realist phenomenon of "security dilemma". (Daddow 2013) in which neither state can increase its security without threatening the security of the other. Indeed, structural realism argues that actors seek power not because of their desire for power, but because of the structure of the system, that is, because of the anarchic nature of the international system. Anarchy translates into the lack of supreme authority over states, with states performing their role independently which makes the security dilemma a common consequence. In an anarchic international system, states act autonomously to guarantee their own security and survival, which leads states to seek power, being power synonymous with security (Rana 2015).

1.3 Contemporary case of Economic Interdependence: EU-Russia

After the Cold War, the relationship between Russia and the European Union is characterized by a period of optimism for cooperation, where the Union's objective was to transmit democratic and liberal values to Russia (Haukkala 2015). Nevertheless, this initiative resulted in a set of tensions and competitiveness between both actors. The main problem between these two is that they present divergent views on the international order, that is, on the one hand there is a liberal Europe that seeks peace and cooperation, and on the other there is a realistic and statocentric Russia. Russia bears the blame for the growing conflict in the energy sphere due to its foreign policy strategy. The power that Russia exercises through its energy resources raises concerns within consumer states, as this disturbs the stability of the relationship, leading states to fear disturbances in energy security (Fernandes: 2014). In addition, Russia appears to use its resources as a tool of influence that in some cases turn into tools of intimidation or blackmail, either by manipulating supplies or by attempts to monopolize transport (Cesnakas: 2016). Russia has a more developed economy than its Soviet and Eastern European neighbours, which makes these countries prone to suffer from Russia's foreign policy strategy called "carrot and stick". In relation to Ukraine, since the decomposition of the Soviet Union, Russia has applied the policy of carrot and stick to its neighbour, with threats of energy cuts if Ukraine embarks on the alliance with the EU. Cesnakas (2016) argues that energy resources, like any other foreign policy instrument such as military forces, diplomacy, economics, can act as a factor to compel a consumer country to do something. On the other hand, Ukraine has difficulties in diversifying its source of supply due to the lack of capacity to sustain an alternative to Russia's cheap prices. Thus, energy policy is a fundamental part of Russian foreign policy since Russia is aware of the importance of keeping Europe under its energy influence as the main supplier of natural gas in Europe (Helén: 2010). That is, Russia is vulnerable due to its economy extremely dependent on the sale of its natural gas to Europe (Monaghan 2005). As a result, these competitive foreign policies have had repercussions in Ukraine (Krickovic 2015).

Moreover, The EU-Russia relationship is mainly an interdependent relationship but the characteristics of this relationship, such as competitiveness and tensions, meet the phenomenon of security dilemma (Krickovic 2015). There is a constant feeling of distrust between both actors, such feeling is visible in the tireless search for diversification in order for each one to ensure their own energy security (Monaghan 2005). However, everyone's attempts to decrease their own

dependence results in increased dependence on the other state, that is, in the case of the energy relationship between Russia and the EU, the measures taken by each actor to decrease their own dependence also threatens to change the balance of the relationship, making the other more dependent. That is, neither actor can increase his security without threatening the security of the other (Krickovic 2015).

In 2000, institutional differences began to emerge between the EU and the Russian gas market structures (Kustova 2015). That is, in Russia the strengthening of state control has become particularly apparent in the hydrocarbon sector while the EU has developed a new doctrine for the Internal Energy Market (Kustova 2015). The EU's demand for energy alternatives to the Russian market increased in 2014, following the annexation of Crimea. The EU has set a target to lower gas imports from Russia from 80% to 53% (Umbach 2014). From the geoeconomic point of view, the expropriation of Crimea can be affirmed as an act resulting from the Russian-Ukrainian conflict, but also in the field of resource wars (Bugriy 2016). Bugriy (2016) states that the expropriation of Crimea should aim to remove the economic advantage of Ukraine to leave the country vulnerable and submissive to Russia. Russia conducts its foreign policy through its power over natural resources and appears to cultivate the belief in a domination by resources constituted by the geopolitical view of energy (Bugriy 2016).

In this way, the use of coercive diplomacy applied by Russia is questioned, as well as the purpose of its actions, namely with the institutionalization of the Eurasian Economic Union. The fact that the EEU is directed to the same countries covered by the EaP raises doubts about the implications of this clash in the region and in the EU-Russia relationship itself (Cadier 2014). Such competition in the Ukrainian sphere by both actors and the succession of the crisis in Ukraine and the annexation of Crimea supports the argument that all actions taken by a country in order to guarantee its energy security can increase or lower their dependence in the international area as it will affect their security and have repercussions in less stable countries, which can lead to armed conflicts and civil wars in those countries (Elbassousy 2019). When assessing Russia's interests in Ukraine, the idea of the latter joining the EU instills the fear of loss of control that Russia exercises over its neighbour. The annexation of Crimea has changed the patterns of conflict between Russia and the EU that have become based on "enemy-like" structures consisting of instruments of direct control over the form of sanctions and retaliation (Elbassousy 2019).

Indeed, the European Parliament strongly condemns Russia's aggressive and expansionist policy, which poses a threat to Ukraine's union and interdependence and represents a potential threat to the European Union itself (European Parliament 2015). In order to justify his actions, Putin used normative and historical arguments, such as his promise to protect the rights and interests of Russian citizens outside the country. Such arguments raised suspicions about Moscow planning to expand its sphere of influence in neighbouring countries. Such suspicions, mainly within the European Union, have given rise to several theories regarding Russia's intentions. Makarychev (2015) points to the fact that both actors have an interest in projecting power outside their borders, both use familial rhetoric to prove their integration projects, and both are empires with a colonial legacy. Russia's behaviour in wanting to keep the former eastern countries under their economic and political control, especially in the case of Belarus and Ukraine, raises beliefs that Russia may be planning to retake the Soviet empire (Szul 2011). The concept of security is not understood by both actors in the same way as Makarychev (2015: 314) states:

“Russia’s model of securitization is rooted in the principle of individed and uncompromised sovereignty as the cornerstone of the Kremlin’s political philosophy. In other words, Russia has elevated to the very top of its agenda a concept that is – by virtue of the structural changes in international relations – under siege and questioned by the transformative effects of globalization on nation states. (...) As the EU, many authors claim that its neighborhood policy was from its inception grounded in the logic of protection against external threats and therefore was security driven as well.”

Furthermore, the political differences between these two actors are found in the different understandings of energy, its role in society and how it should be governed (Kuzemko 2014). From the perspective of the liberal market, energy has been interpreted more as a commodity, commercial and replaceable, and not so much as a public good or strategic instrument. (Cherp and Jewell 2011 in Kuzemko 2014) Since the late 1980s, although energy security is still an objective, it was understood that this would be a natural result of creating an integrated competitive market (Kuzemko 2014).

Over the past 25 years, Europe has changed its consumption patterns by switching from oil to natural gas, as oil consumption dropped by 20% between 1973 and 2000 (Monaghan 2005). Between 2002 and 2013, the European Union and Russia developed a cooperative relationship in terms of trade and investment, where trade was growing gradually. Russian exports consist mostly of gas and oil, and receive complementary products from Europe, especially agricultural products,

machinery and military equipment. (Moagar-Poladian, Dragoi 2015) Russia is the largest exporter of natural gas in the Union and, aware of Europe's considerable demand for this resource, Russia has an interest in deepening its impact on the European gas market and reducing dependence on transit countries, an example of this is the Nord Stream pipeline (Cohen 2006). Since the 2000s, energy policy has been restructured, based on a set of ideas about energy such as its socio-economic role and questions about how it should be governed. In the case of Russia, natural resources are strategic instruments, that is, for Russia, energy resources are means that play a central role in the country's economy and in its political recovery. (Ministry of Energy of the Russian Federation 2010). The Union and Russia have no compatible ideas or form of governance, which explains why Russia's resurgence of resource nationalism in order to gain more control and restrict investments by foreign countries (Kuzemko 2014).

Hadfield (2008) claims “states now desire energy security in the same sense that they desire military or economic security” (quoted from Cesnakas 2016: 9). Energy security represents a guarantee of supply and reasonable prices for consuming states, and stable markets for supplying states. Energy security provides protection against an eventual energy interruption on the part of suppliers or the possibility of technical problems that prevent the transit of supply (Monaghan 2005). Elbassoussy (2019) defends energy security as composed of three dimensions, namely availability, accessibility and reliability, and adds the environmental aspect, since climate changes and terrorism that challenge consumption patterns (Monaghan 2005).

1.3.1 Case Study on the Relationship of Interdependence between Russia and the EU

Both actors have tensions due to the concern they feel about the possibility of the interdependence between them becoming asymmetrical, that is, one of the actors depends more than the other on this relationship. This feeling of insecurity leads the actors to adopt adverse policies that increase tensions and promote competition in terms of security. Such competition was noted in the attempt by both actors to integrate Ukraine into their economic spaces, on the one hand the European Union with the Eap and Russia with the Eurasian Economic Union. (Elbassoussy 2019) Umbach (2014) argues that the EU-Russia relationship is symmetrical, as both depend on each other. The EU depends on the export of natural gas from Russia, while Russia depends on the EU as its main gas export market.

Thus, according to Krickovic (2015), the energy relationship between Russia and the European Union represents a case of “security dilemma”, in which neither actor can increase his security without threatening the security of the other. Attempts to reduce their own dependence results in an increased dependence on the other state, that is, in the case of the energy relationship between Russia and the European Union, the measures taken by each actor to decrease their dependence also threaten to change the balance of the relationship, making the other more dependent. In a security dilemma, both states cannot be sure of each other's present or future intentions, which leads each state to question the other's intentions and whether it poses a threat to its own interests.

The crisis in Ukraine exposed Russia as an unpredictable actor who does not intend to act in accordance with the European security order, something that has raised suspicions about an expansionist agenda within Russia. Revisionist Russia came to be regarded as a real security threat (Vihma & Wigell: 2016). Since power is understood as a means to achieve security, both EU and Russia seek to accumulate wider level of power. Liberals argue that open trade generates efficient gains that, in turn, make traders and consumers dependent on foreign markets. Since interdependent states rarely engage in war, however, they may opt for acts of brinkmanship against each other to meet their political goals and economic interests, this scenario implies that interdependence can lead to conflicts of light intensity and that this conflict is unlikely to escalate. Interacting states often engage in both cooperative and conflictual ways in the causality of encountering disagreements, they can be essentially friendly or work to resolve rising conflicts through more cooperative behaviour (Mansfield, Pollins 2003). The crisis in Ukraine has evolved due to a lack of congruence between the EU's regional integration policies which are seen as an attempt by the EU to expand its influence to Russia's Eastern countries and Russia's foreign policy relatively to their “near abroad” (Pasatoiu 2014). Although Russia theoretically demonstrates having chosen the democratic narrative and economic market, in practice, Russia underlines the need to be a strong state and to spread its influence to the world (Pasatoiu 2014).

Indeed, Russia is a country with a significant level of energy exports, and as such, uses its export potential to maximize its power to accumulate national wealth and protect national security. Bilateral energy cooperation allows Russia to influence the policies of the other state, for example the use of gas cuts such as those in Ukraine demonstrate how Russians use energy weapons to structure Ukrainian policies.

In short, the concepts of power and interdependence are understood differently by the different theoretical aspects of international relations. However, considering the case of the energy relationship between Russia and the European Union, the realist view fits more appropriately in the description of the interdependence between the actors. Hobbes' metaphor accurately describes the behaviour of actors in the international order. The nature of the anarchic order that resides before these actors leads them to be guided by survival instincts, that is, their priority is survival. Thus, through this reasoning, power becomes an indispensable asset to protect states from potential threats to their survival. States fear each other's intentions and, as such, the actions of one are seen by the other as a threat to their survival, that is, the phenomenon of security dilemma occurs. In this way, we can observe the patterns previously described in the EU-Russia energy relationship in which, despite a feeling of initial cooperation, the interests of each one overlap with the common interests. That is, each intends to survive in an anarchic order in which the attempt to accumulate more power is seen by the other as a threat to their security, which makes cooperation hardly possible. Thus, this case demonstrates that the liberal arguments that cooperation prevents the emergence of conflicts between the parties involved is incompatible, however, it is agreed that cooperation prevents conflicts between these actors from escalating to military levels due to the economic losses that would represent.

Chapter II - The energy relationship between the European Union and Russia before and after the annexation of Crimea

In the past few decades, the value of military power in international relations has been decreasing, leaving room for economic power, especially in the context generated by the accelerated process of regional integration and globalization (Simionov, Pascariu 2017).

Natural gas is one of Europe's main natural resources and is mostly extracted from England, Holland, Romania, Germany, and Denmark. However, the percentage of natural gas extracted from these countries is not sufficient to meet the needs of the EU, which raises the need for imports. The EU's main energy trading partners are Russia, Norway, Algeria, Qatar, and Nigeria, but the country with the largest share of the pie is Russia, which accounts for 40.1% of EU natural gas imports in 2018 (Eurostat 2020). Figure 2 shows the main export sources of energy resources for EU consumption in 2018:

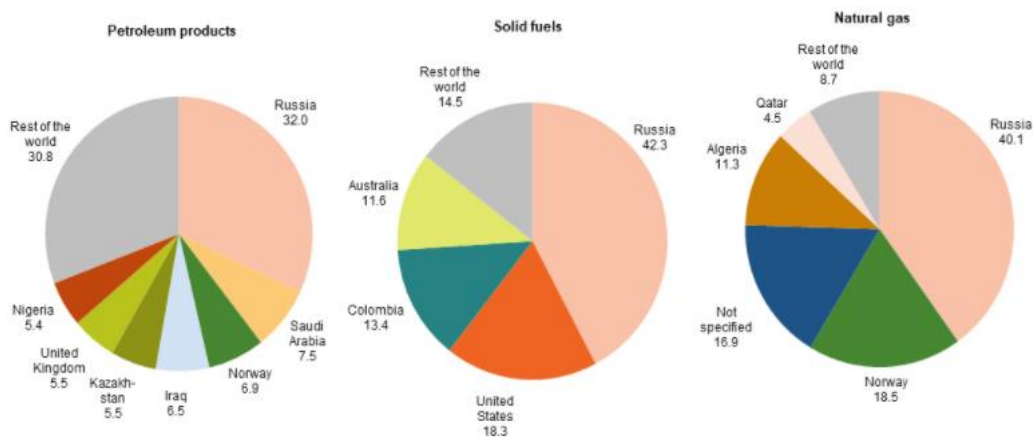


Figure 2: Main origins of EU imports in 2018 (%) Source: Eurostat¹

Since the gas dispute between Russia and Ukraine, the Union has questioned Moscow's reliability as a supplier, mainly because Ukraine is a major transit country for a large part of Russian gas to Europe (Cohen 2006).

¹ Available at: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Main_origins_of_extra-EU_imports,_EU-27,_2018_\(%25\)_world20.png&oldid=483036](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Main_origins_of_extra-EU_imports,_EU-27,_2018_(%25)_world20.png&oldid=483036)

Anguish over Russia's ambitions as an energy superpower reflects concerns in the new post-Cold War geopolitical reality about the resurgence of Russian ambitions to exert political and economic influence in Europe (Schmidt-Felzmann 2011). Since gas production costs in Russia are relatively low, Gazprom can compete more effectively with alternative energies, such as LNG, or projects for new gas pipelines that do not include Russia. Initially, the EU-Russia relationship was predominantly asymmetric with the EU as the dominant agent. In 1994, the Partnership and Cooperation Agreement was signed, which came into force in 1997, where both actors reflected their willingness to cooperate, despite the asymmetry (Casier 2016).

In relation to the former Soviet countries, Brussels played the role of a guide promoting democratic and neo-liberal norms and transferring their rules and legal principles. (Casier 2016) This role was not well interpreted by Russia that felt threatened and resulting in an increasing feeling of competition between both actors. The 2008 Russia-Georgia war and the annexation of Crimea are clear evidence that Russia intends at all costs to impose itself on the international order.

In addition, Russia aims to be recognized as an equal partner of the EU, something that has resulted in dynamic competition between both actors. That is, the actions of one is interpreted as a strategy to gain power and influence by the other. The Partnership for Modernization 2010 highlights this theory, as tensions have worsened in the energy sector, access to markets, visa regulations, etc. Russia considers EaP to be a geopolitical strategy employed by the EU to exercise its influence in post-Soviet territory. (Pasatoiu 2014) The EU's normative agenda is seen as contradictory by Russia, namely in 2004 with the enlargements in Eastern Europe. Siminov and Pascariu (2017) believe that sometimes the EU's normative objectives are marginal, and the focus is on the EU's own interests and specific objectives. For example, the EU's position in the conflict in Chechnya, its reactions to the Munich Speech and the war in Georgia. In addition, they point to a certain realpolitik policy used by the EU with a focus on energy and security.

Furthermore, Russia's foreign policy revolves around geopolitical realism, that is, the highest priority of the state is sovereignty, territorial integrity and independence. That is, when there is an increase in the influence of another actor, Russia perceives this increase as an attempt to decrease its influence. Thus, Russia sees the imposition of external values and norms as a highly intrusive policy. (Simionov, Pascariu 2017) When considering the sensitivity that Russia

demonstrates to the enlargements of the EU and NATO, we can assume that there is more strategic rivalry or competition than strategic partnership with respect to its common neighbourhood.

2.1 Trade

Since 1997, the relationship between Russia and the European Union has been based on the foundations of a bilateral Partnership and Cooperation Agreement. The Agreement aims to promote trade and investment and to develop "mutually beneficial economic relations" between both actors (European Commission 2020). Nevertheless, relations were shaken by the events of 2014 in Crimea. Russia's lack of regard for international law has led to the suspension of some cooperation mechanisms between Russia and the EU.

Russia is the EU's fifth largest trading partner and the EU is Russia's largest trading partner, with a bilateral trade in goods worth approximately 232 billion euros in 2019. In 2019, Russia was the origin of ca. 40% of EU gas imports and 27% of EU oil imports (European Commission 2020). In 2012, EU-Russia bilateral trade peaked, but fell dramatically by 43% between that year and 2016, that is, from € 322 billion in 2012 to € 183 billion in 2016 (European Commission 2020). The European Commission (2020) reveals that bilateral trade between these actors has been recovering since 2016. The main products exported from the EU to Russia are found in the categories of machinery, transport equipment, medicines, chemicals, and other manufactured products. Russia's main exports to the EU are raw materials such as oil, gas and metals.

Indeed, the fluctuations in trade between these actors are related, first, to the sharp drop in oil prices in 2012-2016 and recovery in 2017-2018 and the depreciation of ruble in 2014-2015. A second factor is the import substitution policy that has been progressively implemented by Russia since 2012, largely coinciding with Russia's accession to the WTO. Some measures taken by Russia are contrary to the spirit of the WTO, as the EC states:

"The accession to the WTO had raised the expectation that trade with Russia would benefit from sustained liberalization. Instead, Russia has progressively put in place numerous measures favoring domestic products and services over foreign ones, and encouraging localization of production in Russia by foreign companies." (European Commission 2020)

Though, after the annexation of Crimea, trade between both actors decreased. There were cuts in the agri-food and automotive sectors, with agri-food exports falling from 11.8 billion euros

in 2013 to 6 billion in 2017, however there was an increase of 20% between 2016 and 2017. (European Commission). Still, there were no changes in the energy sector since in 2018, 40.2% of natural gas imported by the European Union came from Russia, as well as 27.3% of imported oil, these data make Russia the largest EU energy supplier. That same year, Russia ranked fourth as the EU's main trading partner, with the EU exporting 85 billion euros in goods to Russia and importing 168 billion euros as shown in the Figure 3:

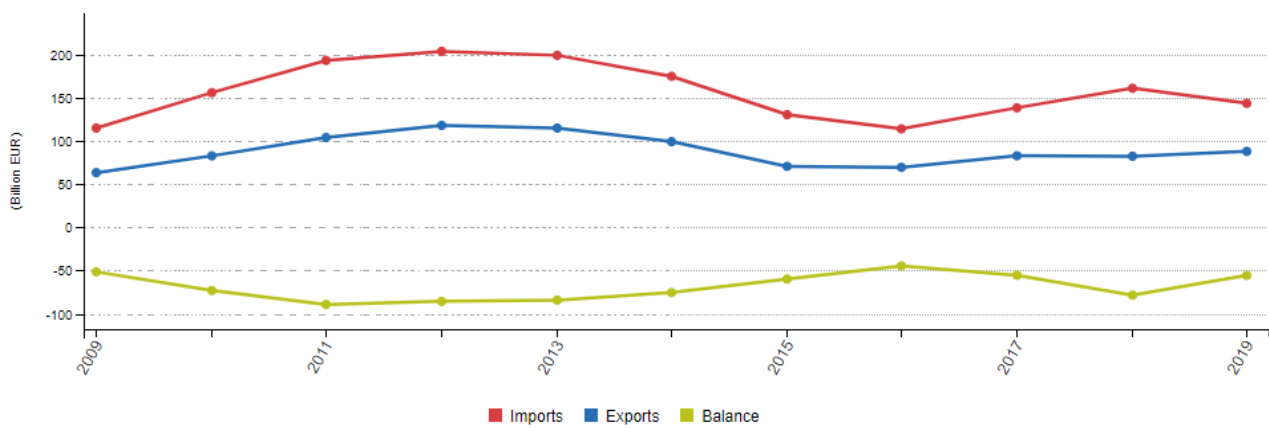


Figure 3: Imports, exports and trade balance between the EU and Russia, 2009-2019 Source: Eurostat²

2.2 Gas disputes: Russia as a gas supplier

Russia's reputation as a supplier has been jeopardized due to the 2009 gas cuts in Ukraine that affected numerous EU countries (BBC News 2009). The EU obtained 80% of Russian gas through Ukrainian gas pipelines³ (EIA 2014). In order to ensure gas coming from Russia through Ukraine during the events of 2006 and 2009, the EU decided to establish an agreement with Ukraine to improve the gas pipelines in the transit country. (BBC News 2009) That deal raised suspicions in Russia that it could be a way to bring Ukraine closer to the EU and that it could hurt its interests. Putin threatened to review relations with the EU if it was not consulted on that agreement (Harrison 2009). "If Russia's interests are ignored, we will also have to start reviewing

² Available at: https://ec.europa.eu/eurostat/statistics-explained/index.php/Russia-EU_%E2%80%93_international_trade_in_goods_statistics

³ Before the inauguration of the Nord Stream pipeline

the fundamentals of our relations,” Putin said. “We would very much like things not to reach this point” (Russia Today 2009).

The gas conflicts with Ukraine in 2006 and 2009 have raised suspicions about Russia's true intentions on the international market. Some academics and media criticized these actions when referring to strategic considerations, desire for profit, corruption, etc. It is difficult to understand Russia's foreign policy objectives. On the one hand, it is questioned whether Russia intends to rebuild an empire, on the other hand whether it wants to maximize profit (Orttung, Overland 2011).

“In political terms, Russian politicians work to enhance the power of the state while taking advantage of opportunities as they appear in the international environment. [...] In economic terms, Russia's leaders seek to maximize the revenue flows from its energy sales. This means reducing exposure to transit countries that can hold Russian energy sales hostage, forcing all customers to pay a market-based price reflecting EU price levels, increasing ownership and control of energy infrastructure, and expanding access to high-profit markets.” (Orttung, Overland 2011: 75)

Russia's leaders use energy resources, namely oil and gas, to seek advantages in other areas, such as protecting their political power from instability at the domestic level and expanding Russian influence abroad. Putin has always been concerned with using economic resources in favour of the interests of the state. Like Poussenkova states: “The goal of Russia's energy policy is to ensure strengthening of its global economic positions” (2010: 108).

Regarding conflicts, this stem from several factors, one of which is price. Price conflicts are more prevalent between Russia and the former Soviet countries. Russia sells its gas through long-term contracts that include "take-or-pay" clauses which are not always favourable for the country buyer (Orttung, Overland 2011: 78). The limited nature of Russia's foreign policy tools is demonstrated by the decision to resort to price subsidies in 2010. During the Orange Revolution in 2004 Gazprom and Russia's political leaders agreed to a price increase policy because Russia's political and commercial interests were aligned. (Orttung, Overland 2011) Russia did not want to continue to support Ukraine, which has embarked on a post-Western policy. Russia's leaders declare that “subsidizing hostile-minded quasi-democratic regimes in these countries did not make sense” (Tsentri politicheskoi informatsii, 2008 in Orttung, Overland 2011: 82) Since the mid-1990s, Russia has developed a policy of diversification through the construction of new gas pipelines. An example of this is the Yamal-Europa gas pipeline through Belarus to avoid transit through Ukraine.

However, Belarus has not been more cooperative than Ukraine and Ukraine has not changed its behaviour (Mitrova et al., 2009: 426). The Nord Stream and South Stream projects are aimed at Russia to avoid Belarus and Ukraine. Russia used supply shutdown consistently in the years 2006, 2007 and 2009 mainly in Ukraine and Belarus, but also applied this technique in other countries, for example, Moldova, Latvia, Lithuania and China (Ortung, Overland 2011). Russia's reputation as a reliable supplier has been tarnished by the cuts applied, especially after the 2009 cut in Ukraine that affected Europe.

Gazprom was created in 1989, still on the foundations of the Soviet Ministry of the Gas Industry (Overland 2017). Despite supply cuts in 2009 in which several EU member countries were affected, no action was taken against Gazprom. The company continued to negotiate with large European companies and to plan to expand its business with those countries. This is the case of the Nord Stream project opened in 2011 despite opposition from the Baltic countries, Poland and Sweden. In September 2011, the EU launched antitrust attacks against Gazprom and affiliated companies in ten EU countries (European Commission 2011). In 2012, the EU opened a formal case against Gazprom and in 2015 a written statement of objections was finalized accusing Gazprom of trying to divide the gas markets of Central and Eastern Europe "hindering customers from reselling gas; charging unfair prices in Bulgaria, the Baltics and Poland; abusing its dominant market position to control the Yamal transit pipeline through Poland and bullying Bulgaria to support South Stream" (Overland 2017: 118). The annexation of Crimea led to a feeling of fear from Russia that has not been felt since the Cold War.

Due to the EU's statement of objection, Gazprom defended itself by posting on its website that it is "a pioneer in the liberalization of the European markets" (Gazprom 2011). Both Russia and EU member states are members of the WTO and, as such, are subject to a higher regulatory order. Overland (2017) questions whether this more aggressive attitude towards Ukraine may not have been a strategy to reverse the pressure that the EU has exerted against Gazprom. Gazprom applies different prices to its consumers and it is possible to see a pattern in prices. Western Europe pays less for its gas than Central and Eastern Europe. According to James Henderson⁴, Gazprom prices according to alternatives in these countries. That is, "It essentially acts as a discriminating

⁴ According to a publication of Glenn Kates in the website RadioFreeEurope <<https://www.rferl.org/a/russian-gas-how-much-gazprom/25442003.html>>

monopolist. If it has a significant market share in a country, or if it can see that a country has limited alternatives, then it prices accordingly" (RadioFreeEurope 2014).

Some experts see the European Commission as having an advantage over Gazprom in terms of antitrust law. Christopher Weafer⁵ claims that the European Union is "in a stronger position to take on Gazprom than it has been before" (New York Times 2015). That is, despite the company's dominance in the European market, it may need European customers more than Europe needs its gas. The changes in the global energy market in 2014 have weakened Gazprom financially and the creation of supply alternatives are the reasons for the EU's advantage over Gazprom (The New York Times 2015).

Gazprom is accused of dividing the gas markets of Central and Eastern Europe by selling its gas at unfair prices in some Member States (European Commission 2015). EU Commissioner in charge of competition policy Margrethe Vestager said:

"Gas is an essential commodity in our daily life: it heats our homes, we use it for cooking and to produce electricity. Maintaining fair competition in European gas markets is therefore of utmost importance. All companies that operate in the European market – no matter if they are European or not – have to play by our EU rules." (European Commission 2015)

Although the company is seen as a means for Russia to achieve its goals in Russian foreign policy, Gazprom says it is just a commercial actor like any other energy company as stated in its declaration, Gazprom "is a company which in accordance with the Russian legislation performs functions of public interest and has a status of strategic state-controlled entity." (Gazprom 2015) Tensions over the annexation of Crimea and conflict in Ukraine do not create an environment for the formation of a negotiated agreement. However, if Gazprom does not change its behaviour, the EU may impose fines, thereby forcing Gazprom to back down in its illegal actions. Gazprom is accused of abuse in eight EU countries: Bulgaria, the Czech Republic, Estonia, Latvia, Lithuania, Poland, and Slovakia. They are countries that depend more on Russia for the supply of gas and, as such, Gazprom take profit from that dependence to apply unfair prices and to make it difficult to resell terms (Johnson 2015).

⁵ senior partner at Macro-Advisory, a Moscow-based business consulting firm

2.3 EU member states: lack of unanimity and Nord Stream

The idea of the Nord Stream project emerged in the early 21st century, a period characterized by rising oil and gas prices. Nord Stream consists of the direct transposition of natural gas from Russia to the centre of Europe, more precisely, to Germany, where it will be distributed to the rest of the EU countries. This project was not well regarded by transit countries like Ukraine and Poland (Szul 2011). Since the opening of the Nord Stream gas pipeline in 2011, the export of natural gas through Ukraine to Europe has decreased from 80% to 50-60% of total gas exports (IEA 2014). Cohen (2006) states that Nord Stream represents a more assured gas access for the EU, however, such a link could increase the EU's dependence on Russia. The prospect of Russia suspending supply, as in the past with Ukraine, has become a concern for many EU member states. Furthermore, the lack of unanimity and even solidarity between member states regarding Russia is a cause for concern. (Schmidt-Felzmann 2011) The countries most affected by the cuts in Ukraine in 2009 were the CEE countries. Russia is the biggest gas supplier to Germany and Italy, together, these countries represent almost half of the values of gas supplied to the EU, hence the prominence of bilateral relations with these two countries (Schmidt-Felzmann 2011).

Carl von Clausewitz states that "strategic economic policies are a continuation of war by other means" (quoted in Vihma, Wigell 2016: 379). Russia's carrot and stick strategy in the EU, more precisely, the divergence in energy prices, prevented the formulation of common energy policies. That is, the "Europeanization" of energy security advocated by the European institutions is opposed to countries that enjoy favourable bilateral contracts with Russia, an example of which are the contracts that Gazprom has with its German partners with E.ON and BASF (German chemical company) (Vihma, Wigell 2016: 381). When Crimea was expropriated, the imposition of sanctions was subject to hesitation on the part of some EU members, which reveals the lack of a common voice within the EU to adopt a joint position on the crisis in Ukraine.

In addition, the bilateral relations that some member states have with Russia are indicators of the EU's foreign policy's lack of implementation of a joint strategy to safeguard the interests of member states and achieve goals within the international relations system (Pasatoiu 2014). When Russia moved towards the annexation of Crimea and sanctions were applied, only oil was targeted, meaning Gazprom was safe from sanctions (Overland 2017). During sanctions, Gazprom "revelled in its untouchability". (The Economist 2015) Gazprom is seen as an "alpha male" while the EU is

seen as weak, indecisive and irrational (Overland 2017: 116). The division noted within the EU can be classified by a pro-Russian group consisting of the oldest member states, while the newer member states take a more hostile position (Goldthau 2008). Though, the division of the EU is not the only reason for the lack of influence over Russia, there is also a large gap in values and perception between the two (Simionov, Pascariu 2017).

Furthermore, the different EU member countries have different views on Russia's intentions. Countries that have closer relations, namely France, Germany, and Italy, believe that Russia is a reliable partner. The Nord Stream project developed by the Russian energy giant Gazprom is accepted by these countries for the simple explanation that Gazprom is an independent commercial company (although it belongs mainly to the Russian state) and, therefore, cannot use energy as a political instrument for being unfavourable behaviour for its reputation as a commercial entity. Nord Stream 2 is considered a commercial project, as stated by the German vice chancellor Sigmar Gabriel: the pipeline is a "business issue" (Euroactiv 2016). However, other member states believe that the construction of a gas pipeline that directly links Russia with Germany has some political significance.

Professor Klaus Segbers states in his BBC News review (2010)⁶ that "we need each other - we are geographically close, we have strong trading links, centered around Russia's export of energy to the EU. On the other hand, these firm economic ties have not matured into comparable political relations." He says that there is a paradox in EU-Russia relations because Russia maintains better relations with the main European leaders than with the EU as a whole. Thus, he argues that Russia feels that there is a lack of a mechanism in the EU that allows for a "single" and "viable" foreign policy. "Since the national leaders in the EU have widely varying priorities, Russia does not foresee the prospect of a common EU foreign policy."

2.3.1 The Germany-Russia relationship and the Ostpolitik

The annexation of Crimea resulted in the lack of trust by Germany. World War II conveyed the view that Russia is central to Europe's security, a perspective that was shown by Germany's interest in strengthening cooperation ties. Feelings of guilt and gratitude are prevalent in this relationship (Polyakovo 2016). Yet, since the occurrences in Ukraine, the German government seems to have a different look over Russia, German Chancellor Angela Merkel stated: "Under

⁶ Available at: <https://www.bbc.com/news/world-europe-11577553?print=true>

President Putin, these networks have taken on a different, more nefarious goal: to alter the rules of bilateral relations, influence German policy toward Eastern Europe and Russia, and impact EU decisions through influence networks in Berlin." (Merkel 2016)⁷

Germany thought it had found a solution on the idea that economic cooperation would have positive effects on Russia's domestic political and economic development. External Minister Frank-Walter Steinmeier said in 2007 that economic interconnection will bring about domestic change in Russia and will bring it closer to the EU (in Siddi 2016). Putin rejected the Euro-Atlantic order on the grounds that it had been imposed by Russia on the West in the 1990s and advocated a multipolar security architecture where Russia and the West recognize each other as equal partners and respect each other's strategic interests (Siddi 2016). The crisis in Ukraine raised questions about Russia's international ambitions and about the viability of the EU-Russia relationship. Meanwhile, the Nord Stream 2 project implies that land routes in Ukraine would be subject to much less use: some estimates indicate that 90% of the total Russian gas exports to the EU would pass through Germany, 80% through Nord Stream. Such percentages undermine the objectives stated by the Union, namely the objective of diversification and increased competition in the markets (Vihma & Wigell 2016).

The annexation of Crimea raised tensions between these economic partners, nonetheless Putin expressed an interest in maintaining relations with Germany and the EU in general. Despite Merkel's condemnation, Germany kept communication channels with the Kremlin open. Representatives of the main German industries (particularly Markus Keber, director general of the Federation of German Industries) initially supported Germany's decision to impose sanctions, but German industry associations remained skeptical of the efficiency of the sanctions and a certain desire to withdraw (Siddi 2016: 669). The executive director of the GRF, Martin Hoffmann asked for a restart in the relationship in his publication in the *Tagesspiegel* in 2014 where he argues:

"We are losing those people who always looked toward the West...through sanctions, which are perceived as punishment by Russian society; through the rejection of a dialogue on the same eye level; through the arrogance, with which we believe [that we] hold better values; and through double standards."

⁷ Available at: Polyakovo, et al. 2016 "The Kremlin's Trojan Horses." *Atlantic Council*. Available at: <https://www.atlanticcouncil.org/in-depth-research-reports/report/kremlin-trojan-horses/>

In 2015, German energy companies E.ON and Wintershall (together with Royal Dutch Shell, the french ENGIE and Austria ÖMV) resumed negotiations with Gazprom on new projects, specifically in the plan to expand Nord Stream and called for the withdrawal of sanctions. Nord Stream 2 aimed to contribute to the EU's energy security, according to Germany, it was not a project with political significance, but a commercial one. Siddi (2016) states that Nord Stream is a commercial and political project for the reason that private companies are involved and are interested in importing gas through alternative routes other than Ukrainian routes. However, this project can also be considered as political because it involves a Russian state company (Gazprom) and because it is a project that could seriously harm the countries of Eastern Europe in the energy trade.

2.4 Ukraine's crisis and the annexation of Crimea

Since the fall of the Soviet Union, relations between Russia and Ukraine have tensions over several matters, with Crimea being one of them. The Crimean situation has always been complex in the history of the two actors due to "the division of the Soviet Black Sea Fleet between the two states, the basing rights of the Russian Black Sea Fleet in Sevastopol, the Russian use of military facilities on Crimea, and the number and status of the Russian military personnel on Ukrainian territory, etc " (Bebler 2015: 39). Crimea was an autonomous region of Ukraine, strategically located in the Black Sea region and inhabited mainly by an ethnic Russian population. Ethnic Russians make up 60% of the population whereas ethnic Ukrainians make up 24% (Bilash 2016). Events in Ukraine reflect national disagreement and rivalries between Russia and the EU. Crimea might remain a point of conflict between Ukraine and Russia and between Russia and the West.

Russia grew the feeling that the EU was trying to force Ukraine to sign an Association Agreement in order to expand its regulatory hegemony across the continent. Moscow reacted in an unexpected way by taking control of Crimea which is the strategy to prevent control by the West and demonstrate active control of Russia. The annexation of Crimea is considered the biggest land grab in history in Europe after the Second World War, such an event has deteriorated the security order of the post Cold War (Pifer 2020). On April 1, 2014, NATO classified the annexation of Crimea as "illegal" and "illegitimate" (Bebler 2015: 50)

2.4.1 From Euromaiden to Crimea

In November 2013, the then Ukrainian president Viktor Yanukovich, suspended the signing of Ukraine – European Union Association Agreement in order to accept a deal with Russia. That event resulted in protest by Ukrainian supporters of the UE, protests mainly known as Euromaidan to demonstrate discontent over the corruption practiced by the government. During the Euromaidan protests, Viktor Yanukovich was forced to leave Kiev in March 2014 leaving Ukraine at an impasse of tensions and uncertainties (Serpa 2019). Putin justifies the annexation of Crimea as a means of safeguarding the Russian population that lives there from possible conflicts that could occur once the dissolution of Yanukovich's pro-Russian government and for historical reasons as shown in his Crimean Speech⁸:

“Everything in Crimea speaks of our shared history and pride. This is the location of ancient Kherones, where Prince Vladimir was baptised. His spiritual feat of adopting Orthodoxy predetermined the overall basis of the culture, civilisation and human values that unite the peoples of Russia, Ukraine and Belarus. The graves of Russian soldiers whose bravery brought Crimea into the Russian empire are also in Crimea. This is also Sevastopol - a legendary city with an outstanding history, a fortress that serves as the birthplace of Russia’s Black Sea Fleet. Crimea is Balaklava and Kerch, Malakhov Kurgan and Sapun Ridge. Each one of these places is dear to our hearts, symbolising Russian military glory and outstanding valour.” (Putin 2014)

Fear of a nationalist strike in Ukraine runs counter to the interests of the Kremlin, which nurtured interest relations with the previous government. In addition, Russia intends to preserve control at the Sevastopol naval base due to its strategic position, which could be threatened by the new Ukrainian government (Serpa 2019).

The Kremlin's actions can be justified as an act of rebellion against the advances of NATO and the EU in Russia's neighbouring territory as Bebler argues:

"Moscow's action on Crimea expressed its defiance of NATO's further enlargement into Russia's backyard. It could be more generally understood as renunciation of the balance of power in the Euro Atlantic area formed after the end of the “Cold War” and as a demand for a redefinition of legitimate “zones of interest” in Europe. It could also be taken as a stern warning to other ex-Soviet republics to behave, for instance, to Kazakhstan and Azerbaijan." (Bebler 2015: 50)

The annexation of Crimea resulted in an increase in Russian territory, as well as an increase in population, territorial waters, minerals and other natural resources. Military capacity was also

⁸ Available at: <http://en.kremlin.ru/events/president/news/20603>

increased with the Russian Federation by taking control of most of the Ukrainian Fleet and the Black Sea, which translates into some 190 Ukrainian facilities, stocks of weapons, ammunition, and other equipment (Bebler 2015: 50).

Six years after the event, Crimea came to change dramatically. A large number of ethnic minorities (Ukrainians and Tatars) residing there have left the territory, while another significant number of Russians have moved from Russia to Crimea. It is estimated that about 140,000 Ukrainians and Tatars left Crimea and took refuge in Ukraine, while approximately 250,000 Russians moved to Crimea (Pifer 2020).

2.4.2 Sanctions over Russia

Sanctions are unilateral or “collective action against a state considered to be violating international law” designed “to compel that state to conform to the law” (Daoudi and Dajani, 1983: 5-8). “The Council of the European Union can impose autonomous sanctions for fighting against terrorism and the proliferation of mass destruction weapons, supporting human rights, democracy, the rule of law and good governance.” (Argano, 2019) Sanctions are a peaceful alternative to wars, cheaper and less devastating. Sanctions may be applied for forestalling war; hastening the achievement of freedom and democracy; cleaning up the environment, strengthening human rights or labor rights; nuclear nonproliferation; the freeing of captured citizens; and the reversal of captures of land (Davis, Engerman 2003). Theories suggest that countries targeted by sanctions are more economically and militarily vulnerable than countries that apply sanctions. The sanctions paradox claims that sanctions are imposed more often on opponents than on allies but are more effective when targeted at allies than at opponents (Drezner 1999: 4-9). The most logical explanation for this phenomenon is that “adversaries are less likely to back down, because they are more likely to be threatened again in the future” (Williams 1999: 33).

Indifference to the International Law that led to the annexation of Crimea prompted the EU to take the decision to impose sanctions on its economic partner. The initial objective of EU sanctions on Russia was Russia's compliance with the Minsk ceasefire agreement signed with Ukraine in February 2014. The application of sanctions has persisted over the past few years with the primary aim of convincing Russia to leave the Crimean territory and stop the turmoil in eastern Ukraine (Slobodian, Ptasnyk 2019). However, the sanctions have proven to be inefficient due to the lack of cohesion within the EU itself. Hungary was not interested in following the model of

sanctions to be applied, mainly because it intensified relations after the events in Crimea. Slovakia argues that sanctions are harmful to the EU. Finland shares a strong link with Russia and has therefore shown no avidity in applying sanctions against Russia.

The sanctions were aimed at impacting individuals, organizations or sectors. Some entities have suffered financial losses, such as the Rotenberg brothers or Gennedy Timchenko (BBC 2014). The sanctions hindered cooperation with Western energy companies, however, it did not influence the contracts previously concluded. Sanctions in the financial sector had more impact, which led the Russian government to have to financially support some companies that were hit by the sanctions. Regarding food import bans from the EU and USA, the consequences were ambiguous for the Russian economy. On the one hand, it led to an increase in prices in 2014/2015 and increased inflation, on the other hand, the Russian agricultural sector took advantage of the absence of Western goods and was the only economic sector to grow during this period. (Fisher: 2017)

Before the events in Ukraine, Russia and the EU came to build a strategic partnership to deal with the challenges that have emerged, for example, trade, climate change, education, terrorism, etc. The EU is currently pursuing a dual approach with Russia through sanctions and attempts to find diplomatic solutions to the conflict in Ukraine. Despite the sanctions, Russia recovered in 2017 from the 2014-2016 economic recession by benefiting from increased revenues from oil and commodity exports (Fritz, et al 2017, Garcés de los Fayos 2020). In 2016, oil and gas revenues contributed to 36% of the country's federal budget (Fossil Fuel Support Country Note: 2020). Russia's investment climate appears uncertain and that its economic performance depends on oil and gas prices. (Garcés de los Fayos 2020). Large companies close to the state predominate in the markets, while there is a lack of investments in certain sectors. Despite remaining important economic partners, relations are limited due to Russia's embargo on various EU agri-food products, WTO disputes, and obstacles for European companies to participate in Russian public procurement. Sanctions are regularly updated and extended and restrictive sanctions are applied in several ways. Diplomatic sanctions consist of the exclusion "of Russia's exclusion from the G8, stopping the process of Russia's accession to the OECD and the International Energy Agency, and the suspension of the regular EU-Russia bilateral summits" (Garcés de los Fayos 2020). Economic sanctions are aimed at limiting access to the EU's capital and secondary markets, prohibitions in the arms trade, limiting access to technology used for oil extraction. Measures concerning

economic cooperation suspend any new financing operations in Russia by the European Investment Bank and European Bank for Reconstruction and Development (European Parliament 2019).

Russia's sanctions on the EU have been applied only to a relatively small group of products, which represent a small percentage of the EU's total exports to Russia. The sanctions seem more like a "substantial" act for both actors. Despite the embargoes, both Russia and member states maintained relations, Argano (2019) states that in an increasingly globalized and interconnected world, maintaining political and economic exchanges are essential. The sanctions are an act that demonstrates repudiation for Russia's actions and are intended "to challenge Russia's increasing aggression and disregard for international law" though, do not present much feasibility of changing current Russian actions (Slobodian, Ptasnyk 2019). However, they can be a way of minimizing the probability that such a procedure will happen again in the future.

In conclusion, the economic importance that Russia represents for the EU elevates it to an almost untouchable position. Russia is the EU's main economic partner in the energy sector and depends on Russia for its gas supplies. Russia recognizes its position in the energy market and uses its advantage as a way of influencing the states that depend on it. Supply cuts in 2006 and 2009 drew attention to Russia's reliability as a supplier which prompted the EU to look for supply alternatives. Nevertheless, Russia launched the Nord Stream project with the support of Germany, France and the Netherlands. This project creates divisions of opinion among the EU that lack unanimity when it comes to Russia. The project aims at a more direct supply between Russia and Western Europe without the interference of transit countries considered problematic by Russia. Meanwhile, the crisis in Ukraine escalates and the Crimea is annexed, leading the EU to impose sanctions against Russia. However, these sanctions were not supported by all EU member countries, as the countries most bilaterally involved with Russia feared reprisals in their economies.

Chapter III - Interdependence and Conflict: Case Study on the Energetic Relation between Russia and The European Union

The energy relationship between Russia and the European Union dates back to the 1990s, which came about under the pretext of friendly cooperation between the actors. However, the maintenance of a consistent relationship is disturbed by opposing views that each actor presents in the international context. The liberal view shared by Western Europe as opposed to a conservative and realist Russia causes conflicts of interest and friction in shared interests. Such a contrast can lead to the emergence of conflicts which, in the worst case scenario, can lead to the breakdown of negotiations. Nonetheless, such an event would have relevant consequences for the security of the parties involved.

3.1 Mutual dependence vs opposite views

The opposite perspectives of the EU and Russia gained weight when the Union spread its ideology of inclusion to eastern Europe. Russia felt its influence on the former Soviet countries threatened by the emergence of European Neighbourhood Policy in 2004 and of the EaP in 2009. The control that Russia continues to exercise in the eastern space is due to its revisionist nature and its imperialist past that still prevails in the government mentality exemplified by the 2008 Russia-Georgia military conflicts and the gas wars with Ukraine. Russia's sensitivity towards its near abroad is based on its joint history, but also due to the countries' importance as transit routes, as mentioned by Schubert, Pollak and Brutschin (2014) when stating that "These areas are not only historically central to Russian security thinking, they also are an essential part of the country's national energy export infrastructure and, thus, an indispensable component of Russian capability to project economic power." (2014: 4)

Russia's foreign policy revolves around geopolitical realism with the state's priority being sovereignty, territorial integrity and independence. Its realistic view thus leads Russia to interpret international relations in terms of zero sum, that is, any increase in the influence of another actor is seen as an attempt to diminish its influence. In this way, the EU's attempt to introduce liberal values and norms to its common Russian neighbourhood is seen as a highly intrusive policy (Simionov, Pascariu 2017). The lack of common values, opposing views of the international order

and the lack of a common voice within the EU prevents Brussels from taking a clear stand on Russia and jeopardizes the EU's initial goal of influencing the Russian Federation.

In fact, the dynamics envisioned by the EU when starting an economic partnership with Russia does not correspond to reality, especially since the era of Putin, when competition between the actors has been increasingly evident in the framework of their relationship. The divergences are also noted in their different perspectives regarding the European security architecture. While the West defends a liberal architecture of union between the countries of Europe in order to constitute a unipolar order, Russia supports the vision of a multipolar order based on power politics. Sakwa (2015) points to the two visions that collide in Europe, namely, "Wider Europe" and "Greater Europe". The idea of wider Europe meets the dynamics employed by the EU. Greater Europe follows the Russian ideology of Europe as a continent where several centres can cohabit. The end of the Second World War sparked the genesis of economic inclusion as a means of generating peace on the continent and the end of the Cold War determined the expansion of the EU and NATO eastward as a means of foundation for stability and democracy in Europe. The expansion of the EU is viewed with disgust by Russia who argues that a Europe based on the principles of the EU and NATO is a diversion from the opportunity to build an inclusive security order (Rieker, Gjerde 2016). Thus, in the Russian National Security Strategy (2015) Russia blames the regional security system handled by the EU and US for the instability in Eurasia by stating that "The West's stance aimed at countering integration processes and creating seats of tension in the Eurasian region is exerting a negative influence on the realization of Russian national interests." (2015: 4)

That is, Russia does not want to be included, but rather accepted in the European order, namely, Russia's objective is to be recognized as an equal partner of the EU (Casier 2016). The interdependent relationship between them does not hide their divergent natures, which leads to an "often deficient" dialogue (Simionov, Pascariu 2017: 126), especially with regard to their near abroad as Russia shows a high level of sensitivity towards the extension of NATO and the EU to the CIS. It is in the strategic interest of both actors to maintain their cooperation, however the conflicts that have been arising between them demonstrate the difficulty that both have in finding a "common denominator" (Simionov, Pascariu 2017: 127). The authors also differ in their perceptions about the role of energy. The liberal market sees energy as a commercial and replaceable commodity (Cherp, Jewell 2011 in Kuzemko 2014). For Russia, energy represents a strategic instrument that, if managed correctly, is able to play a key role in the economy. (Ministry of Energy of the Russian Federation 2010). Russia recognizes the fluctuations in mentalities that it

shares with the EU and considers that the form of governance of Western society is incompatible with its ideologies, hence it has defined greater control and greater restriction of non-Russian investments in its energy market.

In addition, the gas conflicts between Russia and Ukraine in 2006 and 2009 that led to supply interruptions in the EU underlined the vulnerability that the EU has towards its energy dependence on Russia. Following these events, and taking into account the annexation of Crimea, the EU has been considering diversifying its sources of supply, in order to reduce its dependence on Russia, however, there is no noticeable progress in this matter. Russia remains the main supplier of gas to the EU to date. The dependence between these two actors is mutual and symmetrical as both the EU needs the supply of gas from Russia, as well as Russia needs to sell its gas and the EU is its main market. Thus, the dependency is a "two-way concept" (De Micco 2014: 5) in which the EU imported approximately one third of its imports from Russia in 2019, more precisely, 44.7% (ca 45%), as shown in Figure 4:

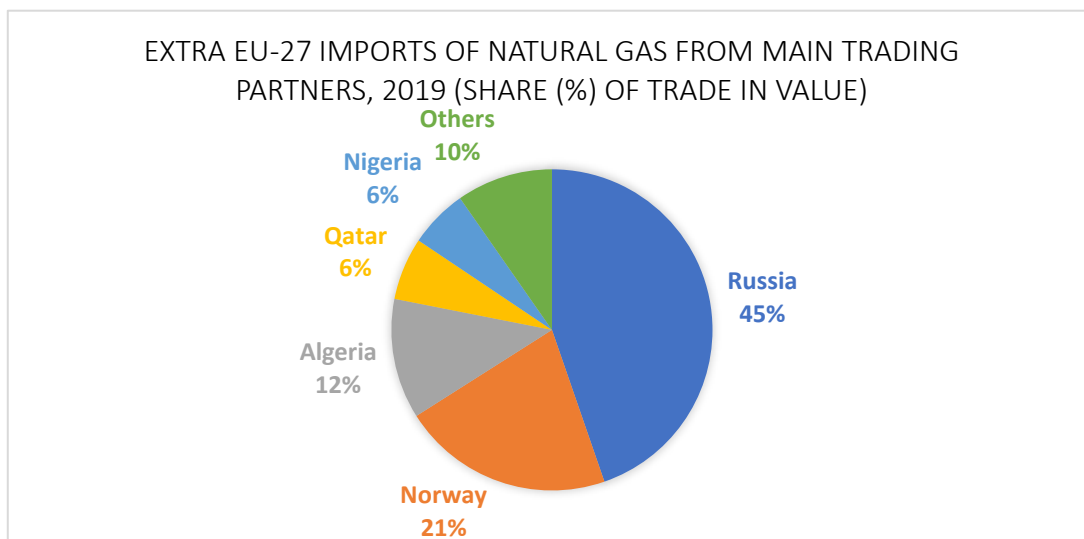


Figure 4: Extra EU-27 Imports of Natural Gas From Main Trading Partners, 2019 (share (%) of Trade in Value) Adapted from: Eurostat database

For its part, Gazprom exported 232.4 billion cubic meters to European countries (outside the former Soviet Union), something that earned it 2490.4 billion RUB in revenue (Gazprom 2020). A drastic change in the dynamics of this relationship would have unsettling consequences for both parties, since short-term alternatives would be scarce even though Russia in 2014 signed one of the largest contracts in the history of the Soviet Union in the gas sector with China (De Micco

2014). Russia has no alternative options to the EU's revenue, despite the \$ 400 billion 30-year contract with China, as a cut in EU exports would mean a huge cut in its annual revenues. Thus, a cut in the relationship would be a threat to their security, being this threat both in terms of energy and national security. While a reduction in Europe's dependence on Russian gas would be possible, but, as an Economist article claims, "but it will take time, money and sustained political will" (The Economist 2014).

On the one hand, the EU wants to liberalize energy markets in order to create a more competitive market, on the other hand, the Russian Federation intends to play a guiding role in the management of its energy resources so that the relative gains are used in economic development national. (News 2014) Russia has been deviating from the energy policy advocated by the EU as a liberal market and advocates "that economic, not politics, should drive energy policymaking" (Kuzemko 2013: 59). The resurgence of nationalism in Russia from the mid to late 2000s represents Russia's rejection of market liberal energy governance, a behaviour that undermines energy market institutions and EU energy security (Kuzemko 2013).

3.2 Security and strategies

The enlargements of the EU to the CEE increased the degree of dependence on Russian gas imports, which led to energy security acquiring greater economic importance at regional level. (Belyi 2003) The former Soviet space is highly dependent on Russian gas supplies, as they lack diversification infrastructure (Yafimava: 2015). The Copenhagen School of Security Studies defines a security threat "an existential threat to the referent object" (Buzan, Waever, De Wilde 1998: 25). That is, for Russia, the object of reference are the revenues derived from its gas exports. In turn, the infallibility of gas supplies to the EU, which translates into the safety and well-being of its citizens, is the Union's referring object (Sharples 2014). As a buyer, the EU has an interest in increasing competitiveness in the energy markets and diversifying its sources of supply. In turn, as a producer, Russia has an interest in establishing a monopoly in the market. Both have the ambition to increase their level of energy security, obtaining strategies in order to avoid a strong dependence.

As regards the EU, the attempt to diversify presents some challenges, namely the low level of production in the territory; gap between domestic production and consumption level; and environmental concerns. The crises that have occurred have affected energy security and the energy security regime (Güney, Korkmaz 2014). "Neutral dependency" (Sauvageot 2020: 2) is a state that is hardly attainable in the energy markets, hence the concept of energy security being

the subject of academic attention (Sauvageot 2020). In a case of energy interdependence like this, the degree of sensitivity refers to the costs of maintaining the relationship. On the contrary, vulnerability refers to the costs that would entail a cut in relationships (Sauvageot 2020). In the energy sector, not only is the percentage of imports relevant, but the alternatives to the imported product and the costs that these alternatives entail (Keohane, Nye 1977). The 2006 and 2009 gas crises awakened Europe to its vulnerability in its energy dependence and "subsequently made energy security a top priority in the EU agenda" (Georgiou, Rocco 2017: 2). The European Commission admits that "purely national approaches" to address potential supply disruptions by Russia would be ineffective and supports more cooperation between Member countries by stating "a more cooperative approach among Member States could significantly reduce the impact of very severe disruption scenarios in the most vulnerable Member States " (The European Parliament and the Council of the European Union 2017: 2). In its Regulation (EU) 2017/1938 concerning measures to safeguard the security of gas supply, the EU defends "an internal gas market that operates smoothly" (2017: 2) in order to "reduce the exposure of individual Member States to the harmful effects of disruptions of gas supply " (2017: 2). It also defends an "internal energy market" (2017: 2) which, according to the Regulation:

“can be created only by fully interconnecting its gas grids by building up liquefied natural gas (LNG) hubs in the Union’s Southern and Eastern regions, by completing the Nord-South and Southern Gas corridors and by further developing domestic production. Therefore, an accelerated development of interconnections and projects aiming to diversify supply sources, as already shortlisted in the Energy Security Strategy, is necessary.” (The European Parliament and the Council of the European Union 2017: 2)

3.2.1 Energy solidarity among EU members

The differences in the "degree of sensitivity and vulnerability" (Güney, Korkmaz 2014: 36) of EU member states and Russian gas transit countries impose an obstacle to the implementation of an energy and cooperation dialogue. The relatively high level of dependency among the actors is primarily due to the "long term nature of gas supply contracts" and the high costs of new infrastructure and alternatives (Güney, Korkmaz 2014: 41). Thus, in order to address the discrepancies between member countries in their vulnerabilities related to external energy dependence, the EU has been developing a speech aimed at the spirit of solidarity (Schmidt-Felzmann 2011). The Green Paper (2006) emerged as a means to address the energy challenges

that were emerging from the gas crisis in 2006. Subsequent conflicts in 2007 and 2009 with Belarus and Ukraine made the EU question Russia's reliability as a source energy supply (Sharples 2013). In 2005, Donald Tusk (while Polish Prime Minister) proposed an EU energy solidarity pact among Member States that aims to help each other in the event of severe interruption (Niklewicz, Pawlicki 2008). In 2008, the Energy Security and Solidarity Action Plan met the dynamic proposed by Tusk, with the aim of reforming the EU's energy policy. (European Commission 2008) The Plan's objectives were to combat the need for infrastructure and diversify energy supplies. Tusk's proposal is linked to the project that came into force three years earlier with the aim of connecting Russia to Germany in order to create a direct connection from Russia to Western Europe, thus avoiding the transit countries considered problematic. Nord Stream's purpose is to "enhance the reliability and flexibility of gas deliveries from Russia" (Gazprom 2005) and to increase the energy security of both actors. However, this agreement runs counter to the principle of solidarity advocated by the EU, as some member countries in Central and Eastern Europe are negatively affected by the gas pipeline.

Thus, Nord Stream calls into question the EU's energy security and the Union's cooperation and solidarity process that it advocates. Poland, Sweden and the Baltic states called for the dissolution of this project and the withdrawal of Germany in solidarity with these countries given "the geo-strategic implications for them of the construction of Nord Stream" (Schmidt-Felzmann 2011: 586). The project's opposition claims to be an attempt by Russia to divide and harm the EU (Financial Times 2007). Thus, in opposition to the Nord Stream project, Poland and three Baltic states proposed an alternative by suggesting the Amber project with the purpose of building a gas pipeline that would connect Russia (St Petersburg) to Germany by passing through the Baltic countries and Poland⁹ (Szul 2011). The Nabucco project¹⁰, which emerged in 2002, would be an alternative to Russian gas, transporting gas from the Caspian area to South-East and Central Europe, namely Bulgaria, Romania, Hungary, and Austria via Georgia and Turkey. This pipeline would be a rival to the South Stream project which was proposed by Russia to circumvent attempts of EU diversification. The South Stream pipeline¹¹ consisted of a partnership between Russia and Italy, which aimed to bypass Ukraine, supplying gas to Bulgaria, Serbia, Hungary, Austria, Slovenia, Northern Italy, with the possibility of expanding to France (Szul 2011).

⁹ The project was never officially presented to the European Commission due to Latvia's withdrawal.

¹⁰ The project was aborted in June 2013

¹¹ The project was announced in 2007 and cancelled in 2014

3.2.2 Nord Stream and its controversy within the EU

Nord Stream contradicts the EU's diversification strategy as the pipeline deepens the level of resilience with Russia. Effectively, Germany, France and Italy are Russia's main economic partners, not only in terms of energy levels, but also in different sectors. These countries are not just dependent on Russia for the supply of their energy however, Eastern members depend heavily on Russia for supplies. So, two groups coexist in the EU regarding its relations with Russia: Western Europe that sees Russia as a reliable economic partner, and the countries of the former Soviet Union that still shed light on the common historical past. The second group of member countries fear that this direct link between Germany and Russia could serve as a means of control against the member countries of the CEE. It would be a means of surrounding the transit countries most dependent on Russia without compromising supply to the remaining member countries. The EU is highly dependent on imports to meet its energy consumption needs. In 2018, it was estimated that close to 60% of EU needs were met through imports (Eurostat 2020). Germany depends heavily on energy imports with a share of 63.6% (Eurostat 2020). Its main exporters are Russia with 35% of imports in 2015, followed by Norway with 34%, and 29% from the Netherlands (Appunn et al. 2020). Germany's high degree of dependence on Russia sheds light on the magnitude of its bilateral relations.

After the events in 2014, the EU concluded that it would be safer to opt for an alternative to Russian gas. Thus, as De Micco (2014) states:

“This was to be accomplished by enhancing energy efficiency, diversifying sources (from the “Southern Corridor” pipelines and possibly the USA) and developing indigenous resources with improved electricity and gas grid interconnections. This, however, would only work if Member States acted in solidarity with one another in the event of asymmetric shocks” (2014: 4)

Though, if the EU intends to effectively diversify its primary energy source, this would become expensive and could open new vulnerabilities (Dannreuther 2016). In the short term, the Algerian, Norwegian and Qatari markets could meet the needs of the EU, but this would involve the construction of new gas pipelines which, in turn, would require a major investment in infrastructure (Micco 2014). Furthermore, Bruxelles' energy strategy includes the Third Energy Package, which aims to reduce the Union's dependence, mainly on Russia. The main law imposed by the Third Energy Package refers to the prohibition of the supplier itself to own the pipeline (European

Commission 2019). This law was the cause of the cancellation of the South Stream project. (EPG 2014)

The EU aims to diversify supply and create routes by creating a common market for Europe, with the main purpose of connecting gas pipelines between member states and thus lowering the impact of an eventual energy cut (Munteanu, Sarno 2016). On the other hand, Russia aims to strengthen the EU's dependence on its gas exports, build alternative routes that go beyond Ukraine, and deepen Gazprom's position in the Turkish market (Geopolitical Intelligence Services 2017). Russia uses its energy resources as a means of coherence through the pricing policy for energy supplies, supply cuts, contractual restrictions, and alternative supply routes (Korteweg: 2018). Since Gazprom's reputation was damaged by the crises, the company decided to reduce its dependence on its most problematic transit country, Ukraine. The conflicts made Russia question the reliability of Ukraine as a transit country thus, Gazprom's objective has become to diversify its transit routes in order to ensure that its main consumers are not deprived of their supplies. In 2017, Gazprom CEO Alexander Medvedev claimed that Gazprom would stop sending gas to Europe via Ukraine after 2019 (Korteweg: 2018). The new gas pipelines thus allow greater security of supply but installs insecurity as to how these projects will be managed by Russia, as Korteweg (2018) states: "New pipelines, such as Nord Stream 2 and Turkish Stream offer both commercial and geopolitical opportunities. They can open new markets but also give Russia the opportunity to divert flows, the new route may replace the old one. So, a new pipeline can be both a carrot and a stick." (2018: 25)

Nord Stream thus resulted in a reduction in the level of exports by Ukraine to Europe, which went from 80% in 2009 to 50% in 2015 (Platts 2016). The Nord Stream gas pipelines left member states in eastern and central Europe displeased once they have ceased to benefit from the revenue flowing from their transit countries statute. However, the EU has been responding to barriers that prevented the Union from being more resilient, mainly through reverse-flow pipelines. According to Harrison and Princova (2015), the total reverse flow capacity of the CEE is 147 bcm per year, which represents three quarters of the amount of gas the EU imports from Russia annually. A large majority of the countries in northern and western Europe are less vulnerable than in 2009, thanks to the devolution measures implemented to create an integrated market within the EU (Güney, Korkmaz 2014). The extension of the Nord Stream pipeline, the Nord Stream 2, will provide a reduction in import costs for Western European countries, which in turn will increase the

earnings of Western transit system operators who will sell Russian gas to Eastern countries. That said, it is the least expensive option in contrast to, for example, LNG (Gordon 2018).

Despite its efforts to diversify, the EU will remain the most important market for Russian gas exports until at least 2030, unless China and India increase their consumption of Russian gas. Therefore, Russian energy security is only ensured by development on the European market which means that, in order to face the challenges imposed on the European energy market, Russia had to choose a long-term solution to the problem of gas transit through Ukraine and Belarus (Sharples 2013).

3.3 EU's normative doctrine to Realpolitik

Nord Stream 2 calls into question the Third Energy Package and raises doubts about Germany's Ostpolitik towards Russia and Russia's intentions in the EU (Adomeit 2016). This issue was circumvented by the perception that Gazprom does not fully manage the Nord Stream 2 project (Adomeit 2016). Gazprom controls 50% of the project's total shareholding while the remaining five companies (E.ON, OMV, Shell, Wintershall, ENGIE) control 10% each (European Parliament 2016), percentages that do not correspond to the initial proposed values. There was, in fact, a change in stakes in order for Gazprom to reduce its holding to 50% and the French company ENGIE to 10% (initially 9%) so that the project could align with the laws imposed by the Third Energy Package (Nord Stream 2 2017). Gernot Eler, Germany's special coordinator for Russia policy (from 2014 until 2017) argued that "the additional capacities will result in better energy security in Europe" (Tass 2015). Germany's position as a supporter of Nord Stream and yet in favour of sanctions against Russia raises doubts about its position on Russia.

European Energy Commissioner Maroš Šefčovič commented that "no commercial project has ever been so intensely debated as the Nord Stream 2 pipeline" (Russell 2017: 1). Opponents of the pipeline express concerns about geopolitical implications and energy security (Martin Russell 2017). This pipeline brings to light the shortcomings that the EU presents when it comes to promoting a common energy strategy. "The project raises a whole host of international and domestic political, economic, and legal issues even more controversial and more difficult to resolve than those of Nord Stream 1" (Adomeit 2016: 3). Nord Stream gas pipelines will end the uncertainties of the Ukrainian route, but it does not meet the diversification strategy. In addition,

Nord Stream 2 "could shift the balance of power in Europe" (Russell 2017: 2), thus causing a threat to the EU's energy solidarity and creating more division within the member states.

Notably, the Nord Stream gas pipelines were a means for Russia to circumvent EU diversification attempts in order to guarantee the level of gas demand from the European market (Güney, Korkmaz 2014). Both Nord Stream 2 and Turkish Stream pipeline projects can be understood as a manifestation of geopolitical power, since they "highlight how Russian external energy policy combines the pursuit of commercial objectives with foreign policy goals" (Siddi 2018: 1561). These pipelines will strengthen Gazprom in terms of safety while consolidating its position on European markets (Siddi 2018). In 2014, the European Commission declared that:

"The Russian Federation and the European Union have important common interests. We will both benefit from an open and frank dialogue. But we cannot pursue this important positive agenda when Crimea is illegally annexed, when Russian Federation supports armed revolt in Eastern [...].
(European Commission 2014)

However, the EU's dependence on Russian gas has meant that if considering imposing sanctions on the Russian energy sector this would have consequences for the EU itself (De Micco 2014). The lack of unanimity within the Union prevents the European institutions from implementing aggressive policies against Russia (Goldthau 2008). Likewise, ideological discrepancies in the relationship with Russia could lead to a real division of the Union (Naumescu 2017). In fact, both are tied in a relationship of dependency where hardly one of the actors will retreat. Russia is highly dependent on European markets to sell its gas and, in turn, the EU needs its supply of Russian gas unless it implements a diversification plan as stated in its 2014 Energy Security Strategy.

In this way, cooperation and competition are two concepts that are interconnected. That is, despite its cooperation with the EU, Russia intends to strengthen its economic and military power, as well as exert influence over the international order (OSCE, NATO) and also at the regional level (CIS) (Kropatcheva 2012). Russia's attempt to broaden its sphere of influence by creating an Eurasian Union aims to provide counterbalance to the European institutions. As Becker, Cohen, Kushi and Manus claim: "Putin's stated ambition is to restore Russia to the position of global influence it enjoyed in the Soviet era. In this way, Russia co-opts normative, nationalistic rhetoric as a means towards standard realist aspirations of great power status" (2016: 13). Russia considered relations between the EU and Ukraine as a threat to its interests, this triggered an action that foresaw "reestablish regional balance of power with the West" (Keypour, Hendla 2019: 1).

Thus, events in Ukraine had to boost geopolitical and energy interests, as an association of Ukraine with the EU would be a lever for a diversification plan favourable to the EU that could respond to its needs through Ukrainian resources. Thus, Russia's plan was to weaken Ukraine before it decided to join the EU (Keypour, Hendla 2019).

3.3.1 EU's will to diversify

Although the EU opts for a normative policy, when it comes to Russia, the EU tends to show an inclination towards Realpolitik where "priorities revolve around energy and security" (Simonov, Pascariu 2017: 131).

The bilateral Germany-Russia relationship is seen as an obstacle to the EU's efforts to define a uniform security policy (Helén 2010). Such preference by states to deal individually with their own interests, even if they are against the common interests of the EU, represents a controversy to the concept of solidarity that the present EU establishes among member states. (Light 2008) Thus, the EU's willingness to fulfill its strategic diversification objectives is questioned, as Umbach (2014) states:

“The strategic question is no longer whether Europe has alternative gas import diversification option. It is rather whether European member states have the political will and strategic vision to oppose Russian pressure; formulate coherent national strategies; and bring national interests and strategies in compliance with the declared common EU energy and gas diversification.” (2014)

That is, “Russia’s dominant position is a significant constraint on the alliance at times of confrontation and poses a risk to allied cohesion” (Bartuška, Lang, Nosko 2019). The objective would be for Russia to operate in a competitive energy market, however, taking into account the percentage of natural gas imports to the EU and being the cheapest supplier, the incentives for buyers to substitute this source for another source are relatively low (Bartuška, Lang, Nosko 2019). Moreover, the Russia-EU relationship is a case of security dilemma, in which neither actor can increase his security without putting the other's security at risk. Being aware of this phenomenon, the actors engage in competition schemes in order to safeguard their interests. The annexation of Crimea was a means that Russia found to avoid balancing of power in favour of the EU, which intends to share its liberal ideologies with its neighbouring countries. For its part, Ukraine is a strategic country for Russia and Crimea is a complex issue of fundamental interest to Russia. Thus, the action of annexing Crimea changed the dynamics of power that went from “institutional and

structural to compulsory power” (Casier 2017: 11). Despite the EU's resistance to accepting the South Stream project and subsequently its cancellation in 2014 (Vihma, Wigell 2016), Nord Stream went ahead, despite the underlying implications. Germany fiercely supports Nord Stream 2 and claims that it is just an economic project. Furthermore, The EU's hesitation in responding to the US call for sanctions against Russia in addition to opposing positions within the Union itself and bilateral relations demonstrate the failure of EU foreign policy to implement a joint strategy (Pasatoiu 2014). The EU contradicts its regulatory agenda when it comes to the Russian Federation and its interests in safeguarding its natural gas supply guarantee. This behaviour started to be noticed in 2004 when the enlargements of the EU and NATO to the countries of Eastern Europe through their position regarding the events in Chechnya and Georgia. (Simionov, Pascariu 2017) Thus, the normative doctrine is circumvented and the interests of the most influential members override the very principles that the EU values.

In conclusion, Russia and the EU have opposing views on European architecture that challenge their economic partnership and, thus, the energy security of these actors. Therefore, both have developed security plans and strategies to ensure that their security is not compromised. In the case of the EU, sustainability and energy diversification plans have been discussed when exploring new suppliers and alternatives to natural gas. However, the link between some central EU members like Germany and France jeopardizes EU diversification attempts mainly since the Nord Stream project that emerged as a way for Russia to face EU alternatives. Nord Stream was not welcomed with optimism by all member states. Poland was one of the countries that opposed the project calling for solidarity, since this project aims to economically harm the countries of Eastern Europe that will start to play an increasingly less role as natural gas transit countries between Russia and Western Europe, resulting in a drop in revenues. In addition, concerns are raised about Russia's intentions to deepen its dependence on the EU. Nord Stream supplies Germany via its direct route, avoiding transit countries, yet this pipeline facilitates the direct cut of supplies to Western Europe as Russia did in Ukraine in the event of disagreements. Thus, the eastern states of the EU appeal to the possibility of Nord Stream being a means for Russia to put pressure on the EU in the course of future clashes. However, the EU approved Nord Stream despite disagreements with some members, which contradicts the principle of solidarity defended by the European institution. Thus, the EU's willingness to diversify its means of supply is questioned and the integrity of the EU is questioned as a cohesive and united institution as one of the largest European powers, Germany, is increasingly united with Russia economically. The Ostpolitik

between these two actors calls into question the EU's performance and demonstrates its fragility as an economic union.

Chapter IV – The Impact of EU – Russia Interdependence in the international sphere

4.1 The Arctic: a new conflict area?

The Arctic region represents the area around the North Pole (Arctic Centre), including the Arctic Ocean and the northern borders of the North America and Eurasia (Gira 2010) as we can see in Figure 5:



Figure 5: The Arctic region Source: SWOOP ARCTIC¹²

In the last decades, the Arctic was recognised as a low tension region marked by the speech of the last president of the USRR Mikhail Gorbachev in 1987 (Mikhail Gorbachev's speech in Murmansk at the ceremonial meeting on the occasion of the presentation of the order of Lenin

¹² Available at: <https://www.swoop-arctic.com/travel/map>

and the Gold Star to the City of Murmansk), in which he portrays the national engagement in peace and cooperation in the Arctic as noted in the following excerpt of his speech:

“[...] the Soviet Union attaches much importance to peaceful cooperation in developing the resources of the North, the Arctic. Here an exchange of experience and knowledge is extremely important. Through joint efforts it could be possible to work out an overall concept of rational development of northern areas. [...]” (Gorbachev 1987: 5)

The region is administered by the A-5 which consists of the five states littoral to the Arctic namely Canada, Russia, Denmark, Norway and the United States (Kuertsen 2016). The most obvious problem among A-5s is their "claim for the Arctic Region" (Gira 2010: 3). Climate change and consequently the rise in terrestrial temperature has led to the melting of glaciers in the Arctic, which makes access to its natural resources easier. Russia has not taken an active position in environmental policies, which can be justified by the "benefits" that the Federation derives from the Arctic thaw (Rodrigues Leal 2014). It is estimated that within 30 to 40 years, hydrocarbons in the Arctic Basin may function as an effective source of alternative energy, as their exploration becomes economically profitable (Rodrigues Leal 2014). The accessibility of this once static region and the notion of its mineral wealth adds geostrategic and geoeconomic relevance to the region (Sergunin, Konyshv 2017). The crisis in Ukraine had repercussions in the Arctic region, leading to increased tensions in the northern area. Russia's military build-up in the Arctic raises suspicions about its intentions in the region as a manoeuvre to reassert itself as a global power.

4.1.1 Strategies of the Russian Federation in the Arctic

The main geopolitical issues surrounding the Arctic sphere target the region's resources, the potential for conflict, and China's growing presence in the region (Østhagen 2019). In 2008, the US Geological Survey estimated that the northern area of the Arctic Circle has approximately 30% of the world's undiscovered gas and 13% of the world's undiscovered oil. Russia is attracted to the Arctic due to its energy richness that the area can provide to the Federation, as well as the advantage that this area can offer to achieve its objective of international influence. Russia has a history of presence in the Arctic that dates back to the 11th century and is the largest Arctic state (Grishko 2017). However, the Federation's interests watch over the resources available in Russian Arctic territory that make up 80% of the Arctic's total oil and gas (Grishko 2017). Thus, in 2008, Russia adopted a strategy in the Arctic that aims to make the region a "strategic resource base for the Russian Federation" (Russian Federation's Policy for the Arctic to 2020: 2008). This document

underlines Russia's goal to make the Arctic a strategic resource base with a deadline of 2020 and emphasizes its intention to remain in the main state in the region (Gira 2010) and Russia's intention to develop the military presence in order to provide "military security under various militar-political situations". Thus, in 2008, the Security Council of the Russian Federation defined its goals for the Arctic region as a strategic resource region and fundamental to the Federation's socio-economic development (Rodrigues Leal 2014). The preservation of peace and cooperation as well as the conservation of Arctic ecosystems are part of the initiatives that the Security Council proposes in addition to the integration of NSR into the Russian Arctic transport network and the national communications network (Rodrigues Leal 2014). More recently, in October 2020, the Kremlin signed a new strategy document in the Arctic, the Strategy for the Development of the Arctic Zone of the Russian Federation and Provision of National Security for the Period through 2035 (High North News 2020). The strategy underlines the importance of the region for the economy and security of the Russian Federation (Russian Federation's Policy for the Arctic to 2020: 2008). This document is just one of several that were developed during the same year for the Arctic.

4.1.2 Military Force in the Arctic

The new version of the Russian Foreign Policy Concept signed in 2016 emphasizes the growing importance of force in the present day as a result of tensions between various international actors and the economic and political instability of the international order as mentioned in the document:

“Force is becoming an increasingly important factor in international relations amid escalating political, social and economic contradictions and growing uncertainty in the global political system and economy. Efforts to expand and upgrade military capabilities and to create and deploy new types of weapons undermine strategic stability and pose a threat to global security which is underwritten by a system of arms control treaties and agreements. Although a large-scale war, including nuclear war, between major powers remains unlikely, they face increased risks of being drawn into regional conflicts and escalating crises.” (The Ministry of Foreign Affairs of the Russian Federation: 2016)

The Arctic was part of the confrontations in the Cold War era, being a zone of nuclear forces and of great importance for military activities. Currently, the purpose of armed forces is to protect Russia's economic interests in the Arctic (Sergunin, Konyshev 2017). Several powers have been participating in the militarization of the Arctic region, including Russia, which has invested in

rebuilding military capabilities and developing and extending greater military capability in order to exercise greater control (Van der Togt 2019). However, since the beginning of the Russian-Ukrainian conflict, military contacts between Russia and Western partners have been decreasing, as have other forms of dialogue, such as in the case of the NATO-Russia Council or even within the OSCE (Van der Togt 2019). Nonetheless, the remilitarization of the region raises concerns as the former Russian military installations at the time of the Cold War were reopened (NATO 2019). In addition, Russia has been betting on suspicious activity around territories belonging to other Arctic states through submarines and aircraft (NATO 2019). Since Russia's relationship with NATO is still one of suspicion, the first perceives a patent for the High Nord region as the possibility for other countries (all NATO members) to unite to make Russia retreat from its ambitions in the region (Rodrigues Leal 2014).

4.1.3 Strategy of the European Union in the Arctic

For its part, the EU has been raising interest in the Arctic region since its greatest vulnerability is its energy dependence. The Union consumes about 20% of the world's resources but produces only 3-4% (Lipponen 2015). The EU's strategy for the Arctic began in 2008 through the EC statement entitled "The European Union and the Arctic Region" (EC 2008) This document was the driving force behind more documents in 2009 and 2011, the "Conclusions on Arctic Issues" (CEU 2009) and "A sustainable EU Policy for the High North" (EP 2011). More recently, in 2012, the statement "Developing a European Union Policy towards the Arctic Region: progress since 2008 and next steps" was approved (EC 2012, Rodrigues Leal 2014, Skripnikova, Raspotnik 2020). Noteworthy are the word of Finnish Prime Minister Antti Rinne: "There should be more EU in the Arctic and more Arctic in the EU, because the EU has a lot to offer the region" (European Parliament 2020: 6). In 2016, the EU developed a policy aimed at the Arctic, "An integrated policy for the Arctic" (2016), that presents the objectives of the Union in the region, focusing on three fundamental points: protecting the region from climate change, promoting sustainable use of natural resources and, finally, promoting international cooperation with the Arctic states and its indigenous peoples and other partners (European Commission 2016). Yet, the EU has no instruments to exert influence in the region (Valdai 2014). Its intentions to integrate into the Arctic led the Union to aspire to join in the Arctic Council in which its applications were revoked in 2009 and 2011. Nevertheless, it achieved a position as observer in the council meetings in 2013 (Hossain 2015).

The EU is often noticed by Russia as having a "regulatory character" (Skripnikova, Raspotnik 2020: 9) that intends to implement its standards considered by Russia as a means of undermining Russia's aspirations with regard to the Arctic. Russia's strategic position allows little space for foreign states to intervene in its domestic arena, however its position in the Arctic provides a commitment to cooperate (Skripnikova, Raspotnik 2020). Though, EU-Russia cooperation has deteriorated in recent years resulting in a change in the "EU's role in Russia's geopolitical discourse" (Skripnikova, Raspotnik 2020: 9) where previously cooperation was replaced by the inevitable snap of confrontations (Foxall, 2017 in Skripnikova, Raspotnik 2020). The EU's interest in the Arctic is aroused by its concern over its energy security as this region would be able to provide it with the "development of renewable energy in countries of densely populated industrialized Europe" (Utkin 2012 in Skripnikova, Raspotnik 2020 : 10). In fact, the EU's demand to increase its energy efficiency is a means of tackling its dependence on Russia as Dupont (2016) states: "Energy efficiency, in particular, is identified as a far better energy security strategy than seeking out new supplies fossil fuels. It is a strategy that not only ensures better security, but also reduces costs and emissions." (2016: 3)

4.1.4 Conflict in the Arctic area

In 2009, the Danish Defence Intelligence Service conducted a study on the future of the Arctic where it predicted a diplomatic crisis between the A-5 states resulting from the growing demand for natural resources and disputes over territory (Gira 2010, Cryopolitics 2009). The growing demand for oil and the growing popularity of the Northern Sea Route, as a means of reducing shipping time and costs, increases the chances of "minor clashes" and "diplomatic crises between the coastal states in the Arctic region " (Cryopolitics 2009). However, the study does not point out conflicts of military dimension.

The most evident events that may result in conflict clash in the Arctic are mostly the confrontation of "conflicting great power policies" (Lanteigne 2019), mainly between the United States and Russia, which share a more relevant strategic position in the region. In addition, the interests that non-Arctic states show progressively translate into more competitive activity in the economic zone. (Lanteigne 2019) Border issues play an important role in geopolitical studies and this can be seen in the Arctic region where "the legal map of the region may change substantially

when the five bordering Arctic states begin to extend their sovereign rights beyond 200 nautical miles." (Rodrigues Leal 2014: 320) Although some researchers claim that the Arctic is the scene of a second Cold War, large-scale conflicts in the region are not expected (Titley 2010 in Rodrigues Leal 2014). Figure 6 shows the Arctic borders:



Figure 6: The Arctic Borders, Source: Peace Palace Library 2014¹³

Although there is still no extensive run on Arctic natural resources, Russia has launched the Yamal liquefied natural gas project supported by China and France (NATO 2019). Despite the conflicts that threaten the region, there is still not "a fully developed economic competition" (NATO 2019) since part of the resources are in unclaimed territory. Putin has been betting on the Upper North as an additional economic lever in the country's economy through energy projects and the opening of the Northern Sea Route that will allow a faster connection with Europe and Asia (NATO 2019).

Although the crisis in Ukraine has affected relations in the Arctic, the Kremlin intends to continue cooperative relations and keep the region a zone of peace and security (Sergunin, Konyshev 2017). Meanwhile, both the EU and the Arctic Council share the goals of protecting biodiversity and combating climate change in the region (Lipponen 2015).

4.2 The future of EU-Russia relation

During the past decade, Russia has been seen as a challenge to the international order "to which the member states of the EU have been strongly committed for more than a half a century"

¹³ Available at: <https://www.peacepalacelibrary.nl/2014/01/arctic-sovereignty-icy-roads-to-the-north-pole/>

(Kanet 2018: 49). According to Moscow's opinion, the EU's failure to create a post-Cold War "inclusive and equitable" order started tensions between both actors (Sakwa 2020).

At the moment, the best policy for dealing with Russia is to manage the relationship and prevent it from deteriorating. The lack of new policy measures in Europe and Russia offers little room for new perspectives and significant changes. Thus, as long as new mentalities do not emerge, it will be difficult to perpetuate significant changes, as Sakwa (2020) states in the following quote:

“Managing a difficult relations and preventing its deterioration appears to be the best policy present. No reset in EU-Russian relations appears in prospect, and there is very little ‘new political thinking’ in Europe or Russia that can change the intellectual climate. Until new ideas emerge and a new generation of leaders appears to render the structural and systemic features that currently shape the antagonism redundant, the impasse looks set to continue.” (2020)

In August 2019, French President Emmanuel Macron called for the need to include Russia in the reconstruction of order in Europe by stating: “We cannot rebuild Europe without rebuilding a connection with Russia” (Euractiv 2019).

The realist prism in Russia's geopolitics makes it perceive its advantage in the energy sector as a strategic lever among the other powers on the international stage (Siddi 2017). In this way, the vulnerability of the EU to its energy needs from abroad is considered as a weakness by Russia (Siddi: 2017). Thus, Russia can exert pressure on EU member countries as a means of achieving its political goals however, Russia's threat to use its natural resources as a weapon against the EU, notably its main economic partners, is unlikely. It is clear that Russia exercises influence over its former Soviet territory and uses energy resources as a means of persuasion, however, such an attempt on Western European countries would have consequences for its energy market. Thus, although Russia has the ability to address the threat, this capacity is limited by the high cost of addressing it (Yafimava 2015). Although the practice of prices is associated with the gas weapon, the price differences between EU member states are based on the fact that the countries of the east do not have other alternatives and because the countries of the south are geographically located farther which results in a higher transport fee (Yafimava 2015).

Thus, since Russia has no immediate alternatives to the European market, it is unlikely that Russia will use its energy weapon to interfere with the functioning of European institutions (Siddi 2017).

4.2.1 Russia's assertiveness in post-Soviet territory

The EU was unable to encompass Russia in Europe, despite its integration strategy turning its integration project into an "expansionist zero-sum geostrategic project" (Diesen 2017: 8). Both actors fear asymmetry in their energy relationship, however, instead of focusing on mutual interests, both fight for their neighbouring space as a means of instilling their values, Ukraine is an example of this conflict of influence (Diesen 2017). Russia's view of the international order is opposite to EU's ideology as we saw earlier in previous chapters. Russia defends a pole-based order, where the most sovereign powers can exert influence over the most vulnerable nations (Rácz, Raik 2018). Nonetheless, the rhetoric of the EU is distorted, as there are disagreements with EU member states on the position of the European community vis-à-vis Russia (Rácz, Raik 2018). When an actor's actions are perceived as unlawful, those same actions can affect his credibility and bring long-term costs such as "loss of allies, exposure to pressure of domestic and foreign public opinion, exposure to various forms of protest and contestation (e.g: international sanctions, military retaliation, etc)" (Rotaru 2016: 31). However, international law is ignored when strategic interests are involved (Rotaru 2016). When such events happen, the actors use arguments to justify their behaviour as Rotaru (2016) indicates "When one state acts in an illegitimate way, its political discourse made after that efforts are meant to legitimate its deeds or to create appearances of legitimacy through rhetorical manipulation" (2016: 31). In the event of the annexation of Crimea, Putin justified his actions through his speech.

Around 2005, when the Kremlin realized the growing motivation that the post-Soviet states had to join the Western political system, it realized that its reconquest of Eurasian territory would be challenged (Kanet 2018). This development directly impacted relations between the European community and Moscow (Kanet 2018). Moscow's actions towards its neighbours Moldova, Ukraine and South Caucasus are driving Russia's will to maintain and assert its influence in the former communist countries. However, the Federation's behaviour towards these countries is highly influenced by the interests that the EU has shown to the countries of the East (Delcour, Kostanyan 2014). Russia has adopted coercive policies towards the three countries that have signed Association Agreements (AAs) with the EU which includes Deep and Comprehensive Free Trade Areas (DCFTAs). These policies are intended to threaten and punish these countries for their alignment with the West (Cenusa, Emerson, Kovziridse, Movchan 2014).

Thus, Moscow began to impose restrictions on agricultural products from Georgia in 2005, in 2006 all products were banned from entering Russian territory, which lasted six years. This embargo served as a retaliation for the Rose Revolution, which hit Georgia's intention to join the EU and NATO (Cenusa, Emerson, Kovziridse, Movchan 2014). The restrictions provided a "Wine Blockage" that jeopardized the survival of several vineyard farmers in both Georgia and Moldova as described by the New York Times (2006): "Officials and business executives in Georgia and Moldova, whose vineyards and wineries have markedly improved from Soviet times, have also cried foul. The abrupt closing of the market has led to concerns that nascent wineries, or wineries with debt, might not survive the grape-growing season, given the expected crash in cash flow."

From September 2013 to September 2014, Russia practiced restrictions against Moldova mostly in the agricultural and food sector, claiming that several products were not following Russian safety standards (Cenusa, Emerson, Kovziridse, Movchan 2014). These measures fit precisely when Moldova joins the AA / DCFTA in November 2013. These restrictions had an impact on small and medium farmers who found themselves without buyers at harvest time, which demonstrates the urgency the country in finding new markets (The Guardian 2014). According to The Guardian (2014): "Most of Moldova's agricultural exports already go to EU members (54%). But Russia, according to one expert study, accounted for the vast majority of exported Moldovan fruit in 2012 (90.6%, or \$93.9 million). Overall, in 2013, Russia bought 43% (\$988 million) of all Moldova's agricultural exports." One of the reasons for Russia's invasion of Ukraine was somewhat a means of preventing a feeling of revolution from spreading to neighbouring territories, namely Russia (Shelest 2015). Thus, Russia prevented that if Ukraine prospered as a liberal democratic state, such an idea was transferred to its nation (Shelest 2015). After the fall of the Soviet Union, the Putin government committed itself to re-establishing Russia as a world power through its foreign policy aimed at the energy sector. Thus, Moscow has been rising from the ashes by regaining its influence in Eurasia and in international politics (Kanet 2018).

4.2.2 Climate changes and decarbonization policy

The United Nations defines climate change as "attributed directly or indirectly to human activity" climate change (Bodansky 1993: 497) that alters the composition of the global atmosphere. (Bodansky 1993) Rodrigues Leal (2014) states that: "Climate change is, perhaps, the greatest risk factor that is posed to humanity in the 21st century, as it has wide-ranging

repercussions that can only be effectively combated through concerted action at a global level" (2014: 277). The way of life of our society that is extremely dependent on industry has resulted in an increase in the amount of carbon dioxide emitted into the atmosphere from 280 parts per million to 414 parts per million in the last 150 years, which leads to a progressive increase in the temperatures of our planet (NASA). The Intergovernmental Panel on Climate Change concludes in its Fifth Assessment Report that there is a more than 95% probability of climate change being the result of human action (IPCC 2014). In addition, the main causes of climate change result essentially from the intensive use of fossil fuels that release a significant amount of gases that cause the greenhouse effect, such as carbon dioxide, methane and nitrous oxide. (Rodrigues Leal 2014, IPCC 2014) In the course of events, the WWF estimates that there will be an annual increase of about 1.4 to 5.8°C this century (WWF). Climate change is a risk to international security and presents imminent threats to the emergence of conflicts as pointed out by the EC in its document entitled Climate Change and International Security (2008). Climate change is expected to alter and damage human existence and could lead to conflicts related to access to food resources, damage and economic risks to coastal cities and critical infrastructure, loss of territory and border disputes, migration for environmental reasons, situations of fragility and radicalization, pressure on international governance and, of course, tensions caused by energy supply. (EC 2008) Thus, in 2008 the EC foresaw an increase in energy stresses caused by climate change by stating the following:

"One of the most significant potential conflicts over resources arises from intensified competition over access to, and control over, energy resources. That in itself is, and will continue to be, a cause of instability. However, because much of the world's hydrocarbon reserves are in regions vulnerable to the impacts of climate change and because many oil and gas producing states already face significant social economic and demographic challenges, instability is likely to increase. This has the potential to feed back into greater energy insecurity and greater competition for resources. A possible wider use of nuclear energy for power generation might raise new concerns about proliferation, in the context of a non-proliferation regime that is already under pressure. As previously inaccessible regions open up due to the effects of climate change, the scramble for resources will intensify." (EC 2008: 5)

Thus, a major obstacle is to be placed for Russia due to the EU's climate policy which aims to reduce its dependence on hydrocarbon resources to tackle climate change (Sharples 2013). Decarbonisation is one of the EU's goals to block climate change that our planet has been suffering

from human footprint. However, the European community has not reached a common voice on the policies to be applied. Member states negotiate their energy supplies bilaterally, which makes the transition to a more sustainable EU more challenging. The Visegrad group has been uninterested in climate policies and discussions in EU internal policy reflect the lack of unity within the community (Dupont 2016). Central European governments often adopt anti-climate narratives in order to captivate voters (Visegrad Insight 2020). Russia defends a narrative favourable to the use of fossil resources, thus ensuring its interests in continuing to thrive in the energy market. Russia is extremely dependent on the revenues flowing from the energy market, thus encouraging the continued transit of fossil energy. However, "Russian narrative in support of continued fossil fuel use is old-fashioned" (Dupont 2016: 3). The Paris Agreement (2015) proves the commitment of all nations to combat climate change. The purpose of the agreement is to "strengthen the global response to the threat of climate change" (UNFCCC 2015) through mechanisms that will allow safeguarding "a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius" (UNFCCC 2015). In addition, the agreement aims to increase the capacity of states to deal with climate change and "at making finance flows consistent with a low GHG emissions and climate-resilient pathway" (UNFCCC 2015). Thus, Russian energy ambitions are discredited, within a community increasingly committed to pursuing greener alternatives.

Finally, the Arctic is currently in the crosshairs of the main international players that aim to exploit the energy wealth that this region offers mainly in an era when climate change has contributed to the melting of the region, which facilitates the extraction of natural resources. Thus, it is estimated that the Arctic will become the stage for future conflicts, as an increasing number of states are showing interest in the region such as the EU and Russia. In addition, some challenges call into question the EU-Russia relationship, namely Russia's assertiveness in the countries of the East, which is repudiated by the EU. Although in theory the EU does not agree with Russia's foreign policy, in practice, the EU overrides its interests over its values when embarking on negotiations with Russia. However, the EU's decarbonisation policy is expected to hamper the EU-Russia energy relationship as climate change has been increasingly worrying and calls for immediate action. The EU expects to significantly reduce its carbon dioxide emissions, notably by reducing the consumption of fossil energy resources. That is, a decrease in the consumption of oil and natural gas in the EU is expected, which in turn predicts a decrease in supplies from Russia.

Conclusion

When considering the "state of nature" proposed by Hobbes applied in the international order, eminent anarchy leads states to seek to safeguard their own security by obtaining power. In the absence of authority above themselves, states are in constant fear of their survival being jeopardized by the actions of other states that are also seeking security. As demonstrated in Chapter I, such an environment causes a state of war where states intend to protect their territorial integrity, their autonomy, and their security. In this way, there is competition between states to gain power or, at least, maintain their amount of power. Thus, the eminent anarchy in the international sphere leads to a balance of power among the actors where they prioritize their own interests and security, thus leading to the outbreak of conflicts. Consequently, although states engage in cooperation initiatives, individual interests prevail as does suspicion of each other's intentions. Therefore, security dilemma appears as an unavoidable occurrence in which neither state can increase its security without jeopardizing the security of the other.

After the Cold War, the EU and Russia were committed to cooperate on several aspects. However, the EU's objective of transmitting Western values to Russia has not had the desired effects due to the divergent views that the actors have on the international order. The fact that the EEU is targeting the same countries covered by the EaP has raised suspicions about Russia's intentions in the international context. In addition, the escalation of the crisis in Ukraine is seen as a clash between EU integration policies and Russia's intentions in its near abroad. In fact, as discussed in Chapter II, Russia intends to be considered an equal partner with the EU and not to be taken under the wing of the Union as intended by the latter. The interests of both collided and resulted in tensions between them, that is, the actions of the one is interpreted as a means of obtaining more power and influence by the other. The EU's normative agenda was not perceived positively by Russia which considered the enlargement of the EU in 2004 as an affront to its influence in post-Soviet territory. Russia's realist geopolitics means that its priorities are sovereignty, territorial integrity and independence. In this way, the EU advocacy for values is perceived by Russia as an intrusive policy and as a means of limiting its influence. For its part, it is argued that the EU, despite its liberal claims, is limited to its own interests and objectives. In fact, despite the imposition of sanctions on Russia after the annexation of Crimea, Russia remains the main supplier of natural gas to the EU.

Previously, in 2006 and 2009, Russia had already proven its unstable root with the conflicts in Ukraine and the subsequent cuts in gas supplies that have also affected several EU countries. Russia's intentions are illegible and leave doubts as to whether it intends only to boost its income, or whether it intends to rebuild an empire similar to the USRR. In the event of the appropriation of the Crimea, Russia (Gazprom) revealed its "untouchability" (The Economist 2015) while the EU was seen as indecisive (Overland 2017). In addition, Chapter II addresses the reasons for the annexation when analysing Russia's position on Ukraine. The advances of NATO and the EU in Ukraine have made Russia afraid of losing control of the Sevastopol base in the event of the rise of a pro-EU government in Kiev. The annexation of Crimea allowed Russia to expand its territory and national population and gain control over more minerals and mineral resources. For its part, Russia retaliated against the embargo imposed on it by the EU through sanctions aimed at EU products.

Chapter III presents the differences that challenge the EU-Russia relationship, the main obstacle being their opposing views of the international order. Thus, there are two opposing views on the structure of Europe presented by Sakwa (2015) as a "Wider Europe" defended by the EU and a "Greater Europe" supported by Russia. Despite their cooperation, their differences do not remain hidden often resulting in deficient dialogues especially with regard to their common neighbours. The strategic interests of both make their relationship essential, however, the growing tensions between them show a gap between them. Furthermore, their different views are not only on the structure of Europe, but also on the role of energy. Liberal markets tend to see energy as a commodity while Russia sees energy as an economic strategy. The gas interruptions following the Russian-Ukrainian conflicts of 2006 and 2009 underlined the deep dependence that the EU maintains on Russian gas.

Consequently, the culmination of events including the conflict in Ukraine has led the EU to question Russia's integrity and reliability as an economic partner. Aware of its energy dependence, the EU declared its intention to diversify its energy sources, however, as little success. Russia remains the EU's largest energy partner with a share of approximately 45% of imports. Thus, the EU-Russia relationship is a symmetrical interdependence in which both depend on each other. Russia depends on the EU to sell its gas and obtain revenues that are economically essential, while the EU depends on Russia to supply gas that is essential, especially in the coldest months of the year. Russia depends on the revenue it receives from the sale of its gas to the EU. Gazprom (2020) estimated to have received around 2490.4 billion RUB in revenue in 2019. An abrupt change in

its relations would have significant reprisals for both actors who miss immediate alternatives to their dependence. Russia has been trying to make its way into Asia through a 30-year contract with China, however, it does not cover the share of the loss that would mean abandoning the energy partnership with the EU. In the case of the EU, on the other hand, a reduction in dependency would be possible but it would take time, money, and political will. (The Economist 2014)

The EU's dependence on the supply of natural gas increased when it expanded its scope to the CEE countries that depend heavily on Russia in the energy sector. Thus, the EU's diversification plans are challenged by certain aspects such as the low level of production in the territory, the gap between domestic production and the level of consumption and environmental concerns. In this way, the crises that took place affected the EU's energy security, which appealed to the EU's vulnerability to Russia. In order to cope with the possibility of further supply cuts, the Union considered national approaches to be inefficient and called for greater cooperation between member countries. The differences in the degree of sensitivity and vulnerability that each EU member faces regarding Russia's gas supply represents an obstacle to the imposition of an energy dialogue.

In 2008, the Energy Security and Solidarity Plan enters into force with the aim of reforming the EU's energy policy, calling for solidarity among member countries in relation to energy issues. However, the plan did not prevent approval of the Nord Stream project that directly links Russia to Germany, harming some countries in the CEE. Thus, Nord Stream came to call into question the process of solidarity and cooperation of the European community while the opposition countries defended the project as being a work of Russia to divide the EU. The project contradicts the EU's diversification policy as the pipeline deepens dependence on Russia.

Thus, the EU is divided into two groups. On the one hand, the countries that oppose the construction of the gas pipeline such as Poland and Slovakia, on the other the countries in favour, namely Germany. Germany is a central player in the EU with a paying influence in the European community and, on the other hand, has a deep bilateral relationship with Russia. That is, Russia's strategy is to strengthen the EU's dependence on its natural gas through alternative routes that surround problematic countries like Ukraine. As a result, the Nord Stream 2 project has deepened the energy connection between Central Europe and Russia. Such a project will reduce the costs of importing into Western Europe, which in turn will make gains by reselling gas to Central European countries.

In this way, Nord Stream and its extension Nord Stream 2, call into question the solidarity initiative and the Third Energy Package established by the EU. Germany justifies Nord Stream on the grounds that the pipeline will strengthen the EU's energy security. Nevertheless, following the events of March 2014 in Ukraine, Germany has repudiated Moscow's actions through the application of sanctions. Still, the annexation of Crimea was not a factor for Germany to relinquish economic initiatives between them, which leaves doubts about Berlin's position vis-à-vis Russia. Nord Stream proved the EU's inability to promote a common energy strategy. Although the pipeline solves the insecurity of the Ukrainian route, it does not meet the diversification strategy. In addition, Nord Stream 2 can cause balance of power in the European Community and pose a threat to EU solidarity and create more division within the EU. Both Nord Stream and Turkish Stream can be understood as manifestations of geopolitical power on the part of Russia when combining commercial interactions with foreign policy strategies (Siddi 2018). In addition, in its attempt to create a Eurasian Union, Russia tried to counterbalance the European institutions since its ambition is to regain the influence it had in its former Soviet era. Despite its normative nature, when it comes to Russia, the EU performs a Realpolitik approach that revolves around its energy and security priorities. (Siminov, Pacariu 2017). Thus, the values imposed by the European institution are deviated by the interests of the most influential member states.

Moreover, Chapter IV refers to tensions in the Arctic and envisages the future of the EU-Russia relationship. Thus, it is argued that the crisis in Ukraine has had repercussions in the Arctic mainly by the military reconstruction of Russia in the region that raises suspicions about its intentions to reassert itself as a global power. Its importance in energy resources makes the Arctic region prone to conflicts since these are increasingly scarce. Climate change facilitates the exploration of the region for the extraction of resources. In 2008, Russia adopted a strategy to make the Arctic a strategic resource base for the Federation, making the region a pioneer in the country's socio-economic development. (Russian Federation's Policy for the Arctic to 2020 2008)

In 2016, Russia signed a new version of the Russian Policy Concept where it emphasizes the importance of military force in order to face the tensions that have arisen among different actors and the political and economic instability of the international order. Russia's remilitarization of the Arctic raises suspicions about its intentions since the facilities previously used during the Cold War were reopened.

The EU began to show interest in the Arctic in 2004 by writing diverse documents that address the EU's strategy in the High North. Thus, in 2008 the EC launched the statement "The European Union and the Arctic Region" (EC 2008), which subsequently led to the emergence of new documents in 2009 and 2011, the "Conclusions on Arctic Issues" (CEU, 2009) and "A sustainable EU Policy for the High North". (EP, 2011) More recently, in 2012, the statement "Developing a European Union Policy towards the Arctic Region: progress since 2008 and next steps" was approved. (EC 2012, Rodrigues Leal 2014, Skripnikova, Raspotnik 2020) The document "An integrated policy for the Arctic" presented in 2016 outlines the three main objectives of the EU in the northern region, namely to protect the region from climate change, promoting sustainable use of natural resources and, finally, promoting international cooperation with the Arctic states and its indigenous peoples and other partners. (European Commission 2016)

In 2009, a study was carried out by the Danish Defence Intelligence Service that predicts a diplomatic crisis between the five Arctic states due to the growing demand for natural resources that, consequently, causes territorial disputes. There is still no evidence of an extensive run on the region's natural resources, however, Russia has launched the Yamal liquefied natural gas project supported by China and France. (NATO 2019) NATO (2019) states that here is still not "a fully developed economic competition". In addition, it is argued that the lack of consensus within the EU is equally visible in matters relating to the Arctic since several non-Arctic countries have authored their own policies aimed at the region of the upper North, as is the example of France, Germany, Holland, etc. (Van der Togt 2019)

In addition, Chapter IV portends the future of the EU-Russia relationship by analysing the obstacles that interfere with the continuity of the partnership. Thus, Russia's realist vision makes it see its energy advantage as a strategic lever among the other international powers. In this way, the EU's reliance on its gas supplies is seen by Russia as a weakness which makes it more vulnerable to pressure from Russia to achieve its political goals. Despite some statements by some EU members about Russia that it may use its natural gas as a weapon against the Union, however, this is unlikely due to the disadvantages that this would cause to the Russian gas market. It is true that Russia uses its energy resources as a means of persuasion in the former countries of the USSR, such a scenario is unlikely in the countries of Western Europe due to the degree of vulnerability that Russia has due to the revenues that it accrues from the sale of gas in these countries.

Furthermore, Russia's assertiveness in the CIS countries is criticized by the EU however, opinions fluctuate within the EU on the European community's position vis-à-vis Russia. In theory, when an actor's actions are considered unlawful, as in the case of Russia with the annexation of Crimea, these actions can affect his credibility on the international stage and, consequently, suffer repercussions such as "loss of allies, exposure to pressure of domestic and foreign public opinion, exposure to various forms of protest and contestation (e.g: international sanctions, military retaliation, etc.)" (Rotaru 2016: 31) Nevertheless, it is noted that international law is ignored when strategic interests are involved.

In addition, the European Commission document entitled "Climate Change and International Security" (2008) calls for the risk to international security that climate change presents, as well as the imminent danger of the appearance of conflicts. In addition to threatening human existence, climate change also threatens international stability with conflicts related to access to food, damage and economic risks to coastal cities and critical infrastructure, loss of territory and border disputes, migration for environmental reasons, situations of fragility and radicalization, pressure on international governance and, of course, tensions caused by energy supply. (EC 2008) Thus, an obstacle is imposed in the EU-Russia relationship due to the EU's climate policy that aims to reduce its dependence on hydrocarbon resources to deal with climate change. Yet, Russia adopts an approach that defends the use of fossil resources and devalues the climate emergency as it prioritizes its interest and its position in the energy market. Since Russia is dependent on energy market revenues, the EU's energy policy and its attempt to reduce its consumption of fossil resources is a threat to the Russian Federation's economy. However, "Russian narrative in support of continued fossil fuel use is old-fashioned." (Dupont 2016: 3) The Paris Agreement (2015) proves the commitment of all nations to combat climate change and Russian energy ambitions are discredited within a community increasingly committed to pursuing greener alternatives.

In short, interdependence is an obstacle to stronger actions in the face of situations of violation against international law, which jeopardizes the security of the most vulnerable states. In this case study, we evaluate the relationship between the EU and Russia where we can see that the EU is at an impasse with Russia. In this case, Russia embarks on cohesive diplomacy to achieve its geopolitical objectives, being practically unscathed from its actions as interrupting relations with Russia would harm the EU economically. Regarding its energy relationship, the EU does not act as a unanimous entity as expected, causing divisions and tensions between the countries that

constitute it. The spirit of solidarity that the EU advocates is undermined by the divergent positions that member countries have in the face of the actions of its economic partner. Russian gas is one of the cheapest on the market and is easily obtainable due to the various existing infrastructures that connect Russia to the EU. Nevertheless, in view of disrespect for International Law, other measures could have been employed in addition to the embargo on which the EU has embarked. Russia is also vulnerable to the sale of its natural gas and the EU is its main buyer, a cut in the market would have been fatal. To do this, however, the EU would have to invest in alternatives, but mainly political will. The most influential countries in the EU do not intend to relinquish their relationship with Russia, especially Germany, which has become Europe's energy centre with Nord Stream. Thus, this case is an example of Realpolitik where the EU's foreign policy towards Russia focuses on its economic interests overrides international law and the values that this institution defends. Thus, Russia continues to put pressure on its former Soviet states, Ukraine remains in crisis and Crimea remains illegally annexed to Russia, all while the Nord Stream 2 pipeline is being discussed which aims to strengthen energy cooperation between both actors. Thus, this case will still present developments that will constitute fundamental evidence for the arguments developed in this thesis.

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