



EU, Russia and Arctic energy policy: prospects of cooperation on the intergovernmental and cross-border levels

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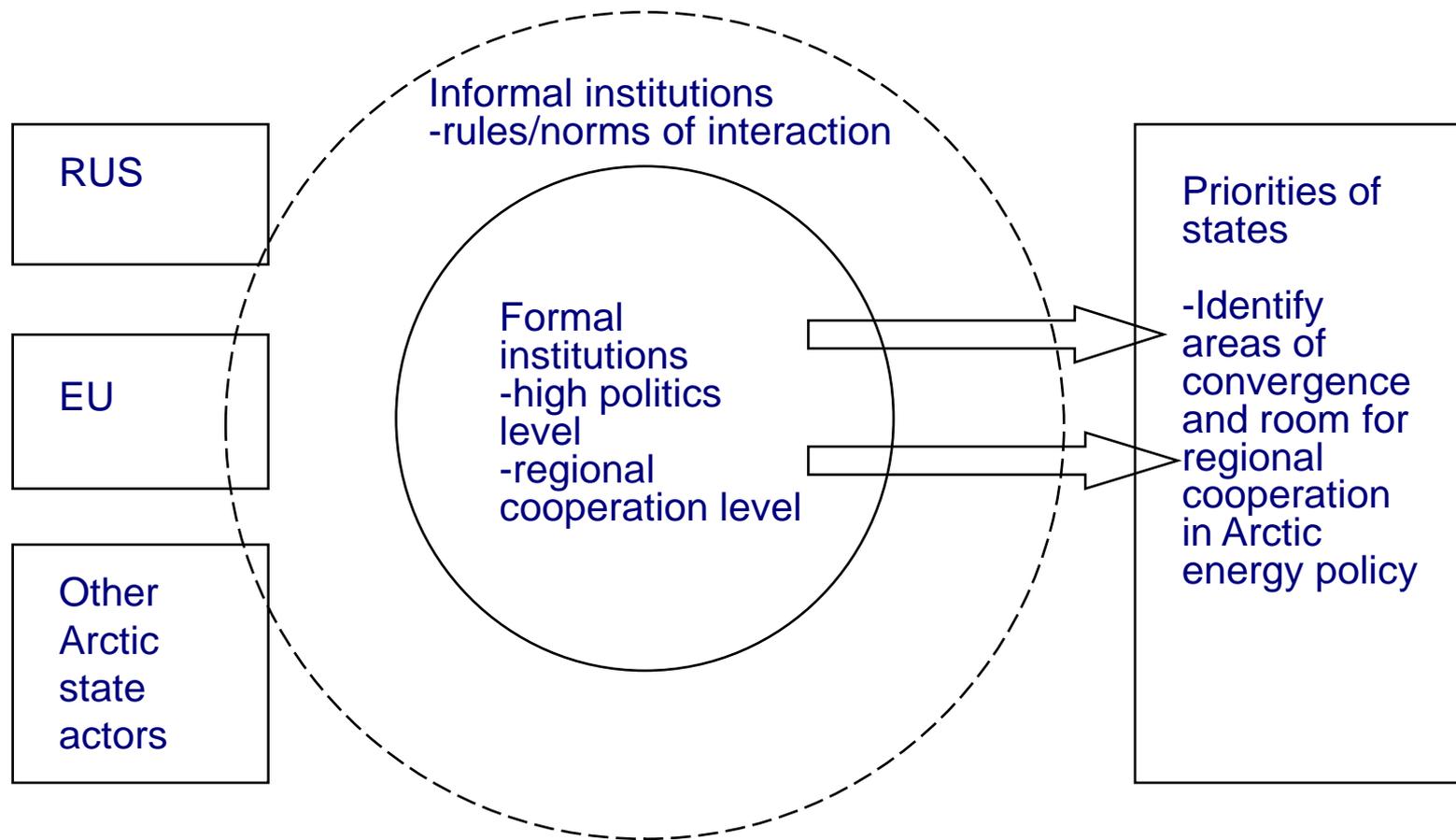
The case for EU-Russia Arctic energy relations

- Thesis: *Arctic energy policy represents an issue area where several actors such as governments from America, EU, wider Europe, including Russia, and energy companies and international financial and other institutions have to be involved due to the associated geographic, financial, institutional and ecological problems*
- Russia is of key importance
 - Substantial resources
 - Only emerging Arctic energy technology, reliance on partners
 - Geography: Arctic coastline
 - Institutional membership (Arctic Council, '5 Arctic coastal states')
- EU an emerging actor with its northern member states
 - EU + member states' impressive record of cooperation with Russian actors on energy outside the Arctic + role of Norwegian actors which are part-bound to the emerging EU energy market through the EEA arrangement
 - Geography: EU's northern member states + competence issues
 - Institutional membership fairly thin (not even a permanent observer of the AC)
 - EU's northern members have an extensive record of northern regional cooperation with Russia with strong EU involvement: BEAC, Northern Dimension, NCM, CBSS, partly related to energy questions & Arctic
- Question: *What type of Arctic energy relations do the policy priorities of Russia, EU (and its northern member states) allow? What role for regional cooperation?*



Sergei Shmatko, Russian Minister for Energy, and Andris Piebalgs, European Commissioner for Energy, signing the Early Warning Mechanism document and 10th Progress Report on the EU–Russia Energy Dialogue, 16 November 2009

Logic of argument



The institutional framework for EU- Russia Arctic energy relations: **informal** institutions (principles)

	Sovereignty	Market	Great Power management	Environmental stewardship
EU	X(X)	Gas: XX Oil: XXX Electricity: XX	X(X)	XXX
Norway	XX	Gas: XX Oil: XXX Electricity: XX(X)	XX	XXX
Russia	XXX	Gas: (X) Oil: XXX Electricity: XX	XXX	X(X)

The institutional framework for EU-Russia Arctic energy relations: **formal** institutions (organisations/intergov. forums)

	AC	5 Arctic coastal states	BEAC	Northern Dimension	UN
EU	X (non-permanent observer)	-- (Danish reservations for strong EU role, N.B Greenland)	XX	XXX	XXX
Norway	XXX	XXX	XXX	XXX	XXX
Russia	XXX	XXX	XXX	XXX	XXX

Policy priorities

EU	<ol style="list-style-type: none"> 1. Protecting the environment and indigenous peoples, incl. R&D 2. Sustainable use of resources (hydrocarbons, fisheries, transport, tourism) 3. Multilateral governance 	DEN/ Greenland	<ol style="list-style-type: none"> 1. Support Greenland's development toward wider autonomy 2. Maintain Denmark's central role in the Arctic 3. Economic development (fisheries, energy, minerals) 4. 5 coastal states vis-à-vis UN (criticism of the AC, but yes for EU observer status)
FIN	<ol style="list-style-type: none"> 1. Protecting the environment, incl. R&D 2. Economic development, incl. knowhow and energy 3. Transport and logistics 4. Indigenous peoples 5. Multilateral governance 	NOR	<ol style="list-style-type: none"> 1. Protecting the environment, incl. R&D 2. Safety of sea traffic 3. Hydrocarbons 4. Economic development, infrastructure 5. Cross-border cooperation 6. Indigenous peoples
SWE	<ol style="list-style-type: none"> 1. Protecting the environment and climate action, incl. R&D 2. Sustainable economic development (trade, energy, regional cooperation, technology, tourism) 3. The human dimension (health, gender, indigenous peoples) 	RUS	<ol style="list-style-type: none"> 1. Delimitation of northern sea areas 2. Arctic search and rescue 3. Bilateral relations in multilateral context (AC, EU-Russia dialogue) 4. New transport routes, infrastructure 5. Socio-economic development, incl. R&D 6. Indigenous peoples 7. Energy

Policy priorities: observations

- All actors prioritise energy but for very different reasons
 - security of supplies/demand, green energy technology, etc.
 - energy both uniting and dividing, characteristically for its multifaceted nature
 - Energy chains extend far beyond the Arctic region and Arctic states very differently positioned within them
- Multilateralism and cross-border cooperation dearest for weak or 'least Arctic' actors
- Territorial delimitation issues most important for DEN, RUS
- Despite not publicly declared, some reservations for a strong EU Arctic role in DEN, RUS
- No single (formal) institutional framework preferable to all in Arctic policy
- No agreement on the balance between high/low politics

What role for regional cooperation in Arctic energy policy?



- AC in its present form not widely enough seen as adequate, suffers from too tight mandate
- Energy on the whole too 'big' for regional cooperation, especially hydrocarbons
- Focus on infrastructure, transport and environmental consequences/risks of Arctic energy projects
 - If the degree of high politics needed is the problem, then shift focus to low politics
 - Environment as such already an established, even if slightly differently weighed area of cooperation, but energy/environment interface draws business better in and would be palatable for indigenous populations and NGOs
 - Utilise the experiences of infrastructure and transport cooperation in the BEAC (where it is a priority), Northern Dimension Transport and Logistics partnership (NDTLP) and Northern Dimension Environmental Partnership (NDEP)
 - In NDTLP, NDEP a ready-made, 'non-political' format for multi-actor state-business-IFI-IGO interrelationships as is often needed in energy projects
 - EU, NCM funding for R&D in these areas becomes available, research lowest common denominator
 - Evaluation and assessment studies needed to draw full lessons



End effects:

- Identify pragmatic sectors of cooperation which at the same are important and inclusive enough, and enable progress even in turbulent times in 'high politics'
- Institutional innovations with 'partnership' structures to Arctic cooperation