

## **EUROPEAN UNION'S ENERGY PAPER: A MUFFLED CALL TO A SLOW WAKEUP**

*by Vladimir Socor*

"A wakeup call to Europe" is how commentators on both sides of the Atlantic describe the political effect of three rounds of man-made interruptions in Russian energy deliveries in January and February. The timing seemed ideal for the European Union's eagerly awaited Green Paper on Energy to sound the call loud and clear to a now-receptive public about the urgency of reducing overdependence on Russian deliveries (see *EDM*, March 3). Yet the Paper, "A European Strategy for Sustainable, Competitive and Secure Energy," just released by the European Commission, merely sounds a muffled call for a slow wakeup. The Paper fails to convey any sense of urgency or to reach out to the public, whose support would be indispensable to developing a common European strategy.

The Paper is intended as a first step in a policy process that should, over time, lead to the formation of a comprehensive, common EU policy on energy. This, as the EU recognizes for the first time through the Paper, should include an external strategy focused on the EU's neighborhood as essential to deliver competitive and secure energy. As the Paper obliquely suggests, launching such a strategy would amount to a break with the past and present situation in which the EU has had no common strategy and no policy on energy vis-à-vis Russia or in the EU's own neighborhood. Yet this first airing of the issue seems marked by extreme caution, lowest-common-denominator formulations, and vague generalities where mention of specific solutions and projects would have been possible and necessary for a persuasive case.

Thus, there is not a single reference to the Black Sea region in the EU's Paper. Such oversight contrasts with the rapidly growing attention to this region from American, NATO, and some European policy makers owing to the Black Sea region's pivotal role for transiting Caspian oil and gas to European and international markets. Further, the Paper makes no mention of the EU's Traceca (Transport Corridor Europe-Caucasus-Central Asia) project for two-way trade, a centerpiece of which was to have been oil and gas pipelines across the South Caucasus. Launched amid high expectations by the EU almost a decade ago, embraced by Black Sea and Caspian countries, but starved of EU funding and political support since then, Traceca has practically been abandoned in this region.

The Caspian basin is only referenced twice in the Paper, and not even then in its own right, but within the overall context of proposing that new oil and gas pipelines be built from the Caspian basin, North Africa, and the Middle East into EU territory through Ukraine, Romania, and Bulgaria (the reference to Middle Eastern gas seems to be a timid allusion to Iranian gas). Inexplicably, the crucial Azerbaijan-Georgia transit corridor goes unmentioned. No specific projects are referenced, notwithstanding the growing salience of trans-Caspian oil and gas pipeline projects in the ongoing debates on diversifying Europe's supplies.

Such omissions risks sending the wrong political signal to these projects' supporters in the producer, transit, and consumer countries and to their opponents in Moscow. The Paper could have built the case for European supply diversification in part on these projects. Failure to mention them can, at a minimum, delay the beginning of serious policy debate on this issue within the EU until the follow-up to this Paper, which is intended for the end of this year. Thus, more time is being lost after the decade already lost by the EU in formulating a Caspian-Black Sea energy strategy. While the EU moves at its snailpace, Russia is making rapid inroads into the EU's own supply sources and transport systems, exploiting the absence of an EU common policy (see *EDM*, March 13, 21).

Whether from oversight or political caution, such omissions recall the gap in the EU's first Neighborhood Policy (ENP) document in 2003, in which the South Caucasus rated just one, passing mention, literally in a footnote. Subsequent EU documents however began incorporating the South Caucasus countries into ENP. This Green Paper opens a door in that direction: it proposes using ENP and its action plans with individual neighbor countries to bring these progressively closer to the EU's energy market through common trade and transit rules, promoting investment and security of supply.

By the end of 2006 the EU Commission will table specific proposals for action at the level of member states and the EU level, taking into account the feedback to this Green Paper from member governments, energy companies, analysts, and neighbor countries. Those proposals should focus on the Caspian basin and Black Sea region, if the EU wishes to seek a credible common policy and external strategy for supply diversification.

(European Commission, "A European Strategy for Sustainable, Competitive, and Secure Energy," Green Paper, Brussels, March 2006)