European energy security policy-making in the context of EU enlargement: the role of newer member states as agenda-setters, 2004-2013

A thesis submitted to The University of Manchester for the degree of Doctor of Philosophy (Ph.D) in the Faculty of Humanities

2014

Tomas Maltby
School of Social Sciences
Contents

List of acronyms .................................................................................................................. 7
Units of measurement .......................................................................................................... 11
ABSTRACT .......................................................................................................................... 12
Declaration ............................................................................................................................ 13
Copyright Statement ........................................................................................................... 14
Acknowledgements to the people and places of my life; 2009-2014. .................................. 15
INTRODUCTION ................................................................................................................ 17
  1.1. Methodology ............................................................................................................... 17
  1.1.1. Research design ...................................................................................................... 18
  1.1.2. Data Collection ...................................................................................................... 20
  1.1.3. Ethical issues .......................................................................................................... 23
  1.2. Structure of thesis ...................................................................................................... 24
CHAPTER ONE: CONCEPTUALISING THE EU’S ENERGY POLICY PROCESS .......... 27
  1. Introduction to conceptual chapter ............................................................................... 27
     1.1. Explaining the interaction of the EU and its member states: Liberal
         intergovernmentalism, a ‘bottom-up’ perspective ...................................................... 27
     1.2. Explaining the interaction of the EU and its member states: Neofunctionalism, a ‘top-
         down’ perspective ...................................................................................................... 30
  2. Preference formation; policy framing and the construction of crisis and insecurity ...... 33
  3. Europeanisation: Explaining the interaction of the EU and its member states .......... 42
  4. Operationalising the conceptual framework ................................................................. 52
CHAPTER TWO: THE DEVELOPMENT OF EU ENERGY POLICY ...................... 56
  1. Introduction .................................................................................................................. 56
  2. Historical overview of the EU’s energy security context and policy responses, 1951-2003
     ........................................................................................................................................ 58
  3. EU Energy Security policy post-2003 ........................................................................... 65
     3.1. Increasing energy demand, import dependence and competition for supplies ........ 66
     3.2. Dependence on a single transit route and related supply disruptions .................. 68
     3.3. Russia’s energy strategy, gas infrastructure investment, and increasing energy prices
         ........................................................................................................................................ 71
  4. Post-enlargement EU energy policy developments. ....................................................... 75
     4.1. Legal framework ...................................................................................................... 75
     4.2. Energy policy objectives ......................................................................................... 79
CHAPTER FOUR: THE CASE OF BULGARIA

1. History and introduction
   1.1. From independence to post-accession: Bulgarian relations with Russia, and integration into the European Union
   1.2. Bulgaria’s energy background and actors

2. Testing the hypotheses: Accounting for the influence of Bulgaria on EU energy policy development and implementation
   2.1. Perceptions of energy security
      2.1.2. Conclusion
   2.2. Diplomatic skill and credibility as an energy policy actor
      2.2.1. General involvement in EU energy policy-making and implementation
      2.2.2. Transit pipelines: Russia’s South Stream and the EU’s Southern Gas Corridor
      2.2.3. Interconnections
      2.2.4. Conclusion
   2.3. The constraining role of Russia
      2.3.1. Bulgarian energy dependency on Russia
      2.3.2. The South Stream gas pipeline
      2.3.3. Conclusion
   2.4. Regional alliances
      2.4.1. Regional grouping one: the Organization of the Black Sea Economic Cooperation (BSEC)
      2.4.2. Regional grouping two: The ‘Energy Community’
      2.4.3. Regional grouping three: Visegrád plus (V4+)
      2.4.4. Rhetorical shift in policy in 2009, policy change from 2011
      2.4.5. Conclusion
   2.5. Administrative capacity
      2.5.1. Bureaucratic culture and a lack of independence for the State energy regulator (SEWRC) and BEH
      2.5.2. Low pay and resources
      2.5.3. Effects of weak administrative capacity on national energy policy-making
      2.5.4. Effect on implementing energy policy and legislation
      2.5.5. Conclusion

3. Conclusion
CHAPTER FIVE: THE CASE OF LATVIA .......................................................... 181
1. History and introduction ........................................................................... 181
   1.1. From independence to post-accession: Integration into the EU and relations with Russia .............................................................. 183
   1.2. Energy background, objectives and actors ........................................... 186
2. Testing the hypotheses ............................................................................. 188
   2.1. Latvia’s role in the BEMIP plan to develop an LNG terminal in the Baltics .......... 188
       2.1.1 Dependence derived supply insecurity ........................................... 188
       2.1.2. Price derived insecurity ................................................................. 190
       2.1.3. History and geopolitically derived insecurity ............................... 191
       2.1.4. Conclusion ................................................................................ 192
   2.2. Diplomatic skill and credibility as an energy policy actor ...................... 193
       2.2.1. The Latvian and Baltic state message for Europe; establishing the narrative of an ‘energy island’ ..................................................... 193
       2.2.2. Conclusion ................................................................................ 197
   2.3. The role of Russia and dependence on Russian energy imports as a policy constrainer and enabler ......................................................... 198
       2.3.1. Vulnerability to Russian gas supply disruptions ............................. 198
       2.3.2. Russian influence on the Latvian gas market ................................. 200
       2.3.3. Conclusion ................................................................................ 204
   2.4. Regional alliances ................................................................................ 204
       2.4.1. Limited institutionalisation pre-accession, and development of regional groupings post-2004 ......................................................... 204
       2.4.2. Gas projects characterised by competition as well as collaboration: the case of the regional LNG project ........................................... 209
       2.4.3. Conclusion ................................................................................ 212
   2.5. Administrative capacity ....................................................................... 213
       2.5.1. The culture and characteristics of Latvian energy-policy-making ......... 214
       2.5.1. Administrative capacity and utilising outside expertise ..................... 215
       2.5.3. Policy coordination at the national level, and with the EU level ........... 216
       2.5.4. Conclusion: change and improvement .......................................... 218
3. Conclusion ............................................................................................... 219
CHAPTER SIX: CONCLUSION ..................................................................... 222
Introduction ................................................................................................... 222
1. Revisiting the hypotheses: comparative empirical findings ......................... 223
1.1. Hypothesis one: Perceptions of energy security ........................................223
1.2. Hypothesis two: Political will and learning EU ‘rules’ of policy-making........226
1.3. Hypothesis three: The effect of Russia and gas import dependency ..............228
1.4. Hypothesis four: The utilisation of regional alliances ..............................231
1.5. Hypothesis five: The role of administrative capacity ...............................233
2. Reflection on the conceptual framework and contribution to literature ..........235
  2.1. Conceptual reflections .............................................................................236
3. Methodological reflections ...........................................................................241
4. Future research agendas .............................................................................242
APPENDIX: .......................................................................................................246
  1. List of Interviews ..........................................................................................246
  2. Ethical Approval ...........................................................................................250
     2.1. Confirmation of approval: .................................................................250
     2.2. Consent form: ......................................................................................250
     2.3. Participant information sheet ...............................................................251
  3. Example interview questions .......................................................................252
     3.1: European Commission interview questions ........................................252
     3.2. Member state official example interview questions ................................253
BIBLIOGRAPHY .................................................................................................255

Word Count: 83, 536
### List of acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACER</td>
<td>Agency for the Cooperation of Energy</td>
</tr>
<tr>
<td>AWS/UW</td>
<td>Solidarity Electoral Action/Freedom Union parties (Poland)</td>
</tr>
<tr>
<td>BASREC</td>
<td>Baltic Sea Region Energy Cooperation</td>
</tr>
<tr>
<td>BBC</td>
<td>British Broadcasting Corporation</td>
</tr>
<tr>
<td>BEH</td>
<td>Bulgarian Energy Holding</td>
</tr>
<tr>
<td>BEMIP</td>
<td>Baltic Energy Market Integration Plan</td>
</tr>
<tr>
<td>BMFA</td>
<td>Bulgarian Ministry of Foreign Affairs</td>
</tr>
<tr>
<td>BP</td>
<td>British Petroleum</td>
</tr>
<tr>
<td>BSEC</td>
<td>Organization of the Black Sea Economic Cooperation</td>
</tr>
<tr>
<td>BSP</td>
<td>Bulgarian Socialist Party</td>
</tr>
<tr>
<td>CBBS</td>
<td>Council of the Baltic Sea States</td>
</tr>
<tr>
<td>CEE</td>
<td>Central Eastern European</td>
</tr>
<tr>
<td>CEF</td>
<td>Connecting Europe Facility</td>
</tr>
<tr>
<td>CEFTA</td>
<td>Central European Free Trade Agreement</td>
</tr>
<tr>
<td>CFSP</td>
<td>Common Foreign and Security Policy</td>
</tr>
<tr>
<td>CJEU</td>
<td>Court of Justice of the EU</td>
</tr>
<tr>
<td>CMEA</td>
<td>Council for Mutual Economic Assistance</td>
</tr>
<tr>
<td>CoEU</td>
<td>Council of the EU</td>
</tr>
<tr>
<td>CSD</td>
<td>Center for the Study of Democracy</td>
</tr>
<tr>
<td>DG</td>
<td>Directorate General</td>
</tr>
<tr>
<td>EC</td>
<td>European Communities</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------</td>
</tr>
<tr>
<td>ECSC</td>
<td>European Coal and Steel Community</td>
</tr>
<tr>
<td>ECT</td>
<td>Energy Charter Treaty</td>
</tr>
<tr>
<td>EEPR</td>
<td>European Economic Programme for Recovery</td>
</tr>
<tr>
<td>EESC</td>
<td>European Economic and Social Committee</td>
</tr>
<tr>
<td>EEST</td>
<td>European Energy Security Treaty</td>
</tr>
<tr>
<td>EIA</td>
<td>U.S. Energy Information Administration</td>
</tr>
<tr>
<td>EIB</td>
<td>European Investment Bank</td>
</tr>
<tr>
<td>ENP</td>
<td>European Neighbourhood Policy</td>
</tr>
<tr>
<td>ENTSOG</td>
<td>European Network of Transmission System Operators for Gas</td>
</tr>
<tr>
<td>EP</td>
<td>European Parliament</td>
</tr>
<tr>
<td>ERDF</td>
<td>European Regional Development Fund</td>
</tr>
<tr>
<td>ESDP</td>
<td>European Security and Defence Policy</td>
</tr>
<tr>
<td>ESRC</td>
<td>Economic and Social Research Council</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>EURATOM</td>
<td>European Atomic Energy Community</td>
</tr>
<tr>
<td>EUSBSR</td>
<td>EU Strategy for the Baltic Sea Region</td>
</tr>
<tr>
<td>FSU</td>
<td>Former Soviet Union</td>
</tr>
<tr>
<td>FTAs</td>
<td>Free Trade Agreements</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GERB</td>
<td>Citizens for European Development of Bulgaria</td>
</tr>
<tr>
<td>HLG</td>
<td>High Level Group</td>
</tr>
<tr>
<td>IBG</td>
<td>Greece-Bulgaria Interconnector</td>
</tr>
<tr>
<td>IBR</td>
<td>Romania-Bulgaria interconnector</td>
</tr>
<tr>
<td>IEA</td>
<td>International Energy Agency</td>
</tr>
<tr>
<td>Acronym</td>
<td>Definition</td>
</tr>
<tr>
<td>---------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>ITGI</td>
<td>Interconnector Turkey–Greece–Italy</td>
</tr>
<tr>
<td>KERM</td>
<td>European Committee of the Council of Ministers</td>
</tr>
<tr>
<td>KSAP</td>
<td>National School of Public Administration (Poland)</td>
</tr>
<tr>
<td>KSE</td>
<td>Polish Committee for European Affairs</td>
</tr>
<tr>
<td>LATO</td>
<td>Latvian Transatlantic organisation</td>
</tr>
<tr>
<td>LME</td>
<td>Latvian Ministry of Economy</td>
</tr>
<tr>
<td>LMFA</td>
<td>Latvian Ministry of Foreign Affairs</td>
</tr>
<tr>
<td>LNG</td>
<td>Liquefied Natural Gas</td>
</tr>
<tr>
<td>MEET</td>
<td>Ministry of Economics, Energy and Tourism</td>
</tr>
<tr>
<td>MEP</td>
<td>Member of European Parliament</td>
</tr>
<tr>
<td>MFA</td>
<td>Ministry of Foreign Affairs</td>
</tr>
<tr>
<td>MoU</td>
<td>Memorandum of Understanding</td>
</tr>
<tr>
<td>MP</td>
<td>Member of Parliament</td>
</tr>
<tr>
<td>NATO</td>
<td>North Atlantic Treaty Organization</td>
</tr>
<tr>
<td>NGA</td>
<td>Non-governmental actor</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental organisation</td>
</tr>
<tr>
<td>NMS</td>
<td>Newer Member States</td>
</tr>
<tr>
<td>N-S</td>
<td>North-South</td>
</tr>
<tr>
<td>NSM</td>
<td>National Security Bureau (Poland)</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Cooperation and Development</td>
</tr>
<tr>
<td>OMS</td>
<td>Older Member States</td>
</tr>
<tr>
<td>PCA</td>
<td>Partnership and Cooperation Agreement</td>
</tr>
<tr>
<td>PGNiG</td>
<td>Polskie Górnictwo Naftowe i Gazownictwo</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Full Form</td>
</tr>
<tr>
<td>--------------</td>
<td>-----------</td>
</tr>
<tr>
<td>PME</td>
<td>Polish Ministry of Economy</td>
</tr>
<tr>
<td>PMFA</td>
<td>Polish Ministry of Foreign Affairs</td>
</tr>
<tr>
<td>PMTR</td>
<td>Polish Ministry of Trade</td>
</tr>
<tr>
<td>PO</td>
<td>Civic Platform (Poland)</td>
</tr>
<tr>
<td>PPI</td>
<td>Public Private Initiative</td>
</tr>
<tr>
<td>PSO</td>
<td>Polskie Stronnictwo Ludowe (Polish Peasant Party)</td>
</tr>
<tr>
<td>SER</td>
<td>Strategic Energy Review</td>
</tr>
<tr>
<td>SEWRC</td>
<td>State Energy and Water Regulatory Commission</td>
</tr>
<tr>
<td>SSER</td>
<td>Second Strategic Energy Review</td>
</tr>
<tr>
<td>TANAP</td>
<td>Trans Anatolian Natural Gas Pipeline</td>
</tr>
<tr>
<td>TAP</td>
<td>Trans Adriatic Pipeline</td>
</tr>
<tr>
<td>TEN-E</td>
<td>Trans-European Energy Networks</td>
</tr>
<tr>
<td>TFEU</td>
<td>Treaty on the Functioning of the EU</td>
</tr>
<tr>
<td>TPA</td>
<td>Third Party Access</td>
</tr>
<tr>
<td>TTE</td>
<td>Transport, Telecommunications and Energy Council</td>
</tr>
<tr>
<td>UDF</td>
<td>Union of Democratic Forces (Bulgaria)</td>
</tr>
<tr>
<td>UGS</td>
<td>Underground Gas Storage</td>
</tr>
<tr>
<td>UKIE</td>
<td>The Office of the Committee for European Integration (Poland)</td>
</tr>
<tr>
<td>US</td>
<td>United States</td>
</tr>
<tr>
<td>V4</td>
<td>Visegrád Group</td>
</tr>
<tr>
<td>V4+</td>
<td>Visegrád plus group</td>
</tr>
<tr>
<td>WEU</td>
<td>Western European Union</td>
</tr>
</tbody>
</table>
### Units of measurement

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>bcm</td>
<td>Billion cubic metres</td>
</tr>
<tr>
<td>mcm</td>
<td>Million cubic metres</td>
</tr>
<tr>
<td>MWh</td>
<td>Mega Watts per hour</td>
</tr>
<tr>
<td>p.a.</td>
<td>Per annum</td>
</tr>
</tbody>
</table>
ABSTRACT

University of Manchester
Tomas Maltby
Doctor of Philosophy (Ph.D) in the Faculty of Humanities
6 May 2014

This research analyses the extent to which three newer (European Union) EU member states, Poland, Bulgaria and Latvia have attempted and succeeded in shaping the development of the EU’s energy security policy, focusing on natural gas. This explores the argument that EU membership affects the formation of national foreign and energy policy as well as procedures of policy-making, and that newer member states have also been able to shape EU level policy-making through the ‘uploading’ of national preferences. The research engages with relevant conceptual issues to develop and utilise a framework which is a synthesis of literature on EU agenda-setting, policy framing, Europeanisation and the social construction of energy ‘crises’ and (in)security. This conceptual frame is then used to explore and evaluate the influence of newer member states on EU energy policy agenda-setting, policy-making and policy implementation.

Evaluating the obstacles and opportunities for influence, an empirically rich data set is analysed to test the extent to which five theoretically derived hypotheses account for member state influence. Five mechanisms are identified as potentially key factors in explaining the degree of influence which member states have. The thesis suggests that one is the impact of supply disruptions and price rises on perceptions and constructions of national and EU energy security. This can contribute towards a context that is conducive to the arguments about policy change and projection being made, a policy window, and is a reflection of the social construction of energy insecurity and energy crises. Diplomatic skill and learning to ‘play the EU game’, being active in Council summits and technocratic level(s), and engaging in consensual policy-making that adheres to EU norms and interests is seen as important. Another key factor is the role of Russia as a major and sometimes monopoly gas supplier, in constraining, enabling, and influencing the strength of national interests - the extent of political will and EU energy policy activism. A fourth factor is considered to be the extent to which institutionalised sub-EU regional and strategic alliances exist and are prioritised as an arena to develop coordinated policies and preferences. The final conceptually derived factor is related to the strength of administrative capacity, in terms of well-coordinated institutions at the national and EU level, and sufficient personnel and resources.

The thesis also provides a study of the development of EU energy policy since the 1950s in chapter two, and chapters three to five focus on the three country case studies; Poland, Bulgaria and Latvia. These empirical chapters include in each case a history of their energy policy and relations with both the EU and Russia. The thesis concludes with an analysis of the empirical findings using comparative country case manner approach, along with conceptual (and methodological) observations based on the testing of the hypotheses.
Declaration

No portion of the work referred to in the thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.
Copyright Statement

i. The author of this thesis (including any appendices and/or schedules to this thesis) owns certain copyright or related rights in it (the “Copyright”) and he has given The University of Manchester certain rights to use such Copyright, including for administrative purposes.

ii. Copies of this thesis, either in full or in extracts and whether in hard or electronic copy, may be made only in accordance with the Copyright, Designs and Patents Act 1988 (as amended) and regulations issued under it or, where appropriate, in accordance with licensing agreements which the University has from time to time. This page must form part of any such copies made.

iii. The ownership of certain Copyright, patents, designs, trade marks and other intellectual property (the “Intellectual Property”) and any reproductions of copyright works in the thesis, for example graphs and tables (“Reproductions”), which may be described in this thesis, may not be owned by the author and may be owned by third parties. Such Intellectual Property and Reproductions cannot and must not be made available for use without the prior written permission of the owner(s) of the relevant Intellectual Property and/or Reproductions.

iv. Further information on the conditions under which disclosure, publication and commercialisation of this thesis, the Copyright and any Intellectual Property and/or Reproductions described in it may take place is available in the University IP Policy (see http://www.campus.manchester.ac.uk/medialibrary/policies/intellectualproperty.pdf), in any relevant Thesis restriction declarations deposited in the University Library, The University Library’s regulations (see http://www.manchester.ac.uk/library/aboutus/regulations) and in The University’s policy on presentation of Theses.
Acknowledgements to the people and places of my life, 2009-2014.

Firstly I would like to thank my supervisors, Stuart Shields and Dimitris Papadimitriou who provided encouragement, critique, support and patience from before I arrived in Manchester until my viva and beyond. They both provided invaluable guidance and input into the PhD but also into academia and the role of an academic. Peter Humphreys and Tom Casier were also kind enough to take the time to examine this thesis.

My Erasmus placement at the University of Pécs, Hungary initially stimulated an interest in Central Eastern Europe and Richard Whitaker, Karen Henderson and Adam Quinn provided encouragement to pursue research after my undergraduate degree in Leicester. Simon Bulmer and Colin Hay provided further inspiration and support during my Masters in Sheffield.

The politics department at the University of Manchester proved to be an excellent place to do my PhD, and it was the class of 2009 and the countless other PhD students and staff (including Gareth Price-Thomas, Gareth Downing, Dean Redfearn, Rob Munro, Nick Turnbull, Gabriel Siles-Brugge, Jamie Johnson, Germán Prieto Corredor, George Kyris, Eli Gateva, Simon Orth, Simon Chin-Yee, Tom Gregory, Ian Bruff, Danny Fitzpatrick, Oliver Turner, Chris Mills, Ronan O’Callaghan, Rachel Massey, Matt Thompson, Marius, Fabi Mieres, Giulia Sirigu, Rebecca Ehata, Jon Las Heras, Suz O’Sullivan, Jared Ahmed, Robert Schulz, Gosia Jakimów, Joe Horton and many more) who I thank for their company, friendship and advice throughout and who contributed to making the experience so rewarding and enjoyable. Ann Cronley, the Postgraduate Research Programmes Administrator, was also a great source of help and advice throughout the PhD.

Conversations with Andy Judge and Jack Sharples in Glasgow have also informed the direction of my research, as did time in that city working with a great team in the Scottish Government’s Office of the Chief Economic Adviser. Collaborating with George Kyris, Fadil Ersozer, Olga Khrushcheva, Ralitsa Hiteva, Jack and Andy has also been important to the development of my work.
Several places where I spent much of my time will live long in the memory too, including; falafel, Koffee Pot, the Veggie cafe, the Knott, Briton’s Protection, the Glossop folk train, South Manchester parkrun, Sandbar, the Peak District and Manchester itself.

As part of my PhD several institutions kindly hosted me during periods of fieldwork; the Brussels School of International Studies, the Institute for European Studies at VUB, the Centre for the Study of Democracy in Sofia and the Latvian Transatlantic Organisation in Riga. All provided me with a base for research and an insight into the political, social and cultural lives of Belgium, Bulgaria, Latvia and Poland.

I would like to extend my gratitude to all the interviewees who took the time to be interviewed for this project. Their knowledge, opinions and feedback on preliminary analysis were key.

Thank you also to my sisters Claire and Sophie, and to Ellie who has always been there towards the end of this long project, I will return the favour.

Most importantly, I thank my parents Peter and Amanda, whose love and support has always been invaluable and without which this would never have happened.
INTRODUCTION

This thesis on the development of energy security policy will focus on natural gas, and in particular that imported from Russia. Using the case studies of Latvia, Bulgaria and Poland, the focus is on the time period 2004 to 2013. It is argued that EU membership affects the formation of national energy (and foreign) policy, and that newer member states (NMS) have also influenced EU level energy agenda setting and policy-making. It is a contribution to the literature on: assessing accession and the impact of EU enlargement on the member states and the Union as a whole, as well as the interactions between national and EU energy policy. The thesis addresses one key research question: what has been the role of NMS in EU energy agenda-setting and policy-making? In answering this question the research investigates the factors which account for the extent of this influence or non-influence. This research question is pursued by using a conceptual framework to derive five hypotheses relating to key factors in accounting for member state influence, before testing these with three country case studies. The following methodology section outlines the use of elite interviewing, triangulation and discourse analysis as methods for operationalising this research.

1.1. Methodology

Empirical testing theoretically derived hypotheses forms the significant part of this research, evaluating interactive variables such as sub-regional EU groupings, exogenous shocks, changes of government, perceptions of (energy) security, policy outputs, and the balance of power between national actors, between EU actors and between the two levels. An analysis of the cases of three NMS will be used to determine the shaping of and adaptation to the EU’s policy in this area. The testing of the hypotheses takes place in chapters three to five, which focus on Poland, Bulgaria and Latvia. The fieldwork for this research took place in Brussels (June to September 2010; September 2012 to January 2013), Warsaw (March to May 2011), Sofia (June to September 2011) and Riga (March to May 2012).
1.1.1. Research design

The approach used is a qualitative methods one, which examines the development of EU energy (security) policy, and the influence of selected NMS. A deductive approach in this study started with theoretical propositions derived from literature on European integration, agenda-setting, policy framing and the social construction of crises and (in)security, in order to generate five hypotheses to empirically test using qualitative methods. The aim of this research is to have remained neutral in terms of employing ontological pluralism (Fearon and Wendt, 2002: 52-53). This approach therefore establishes a relationship between theory and hypotheses, with the objective of strengthening internal theoretical validity (Pierce, 2008: 76), and through a deductive approach uses hypotheses testing to explain the causality of NMS ‘uploading’ or influence (Read and Marsh, 2002: 232-234), using a small-n comparative case study (Starr, 2002: 53).

A comparative case study methodology is used in this research project, as a comparison of these three countries allows for consideration of both the exogenous factors that influence NMS, and the endogenous ‘micro factors peculiar to each social setting’ (May, 2001: 209). An advantage of such an approach is in highlighting similarities and differences between the selected countries (Fitz-Gibbon and Morris, 1987: 26), and the varying extent to which the NMS have attempted and been able to influence EU energy policy. Examining the three selected case study countries allows for an analysis of the role of accession dates (and learning over time), different regional groupings (Central Eastern, Baltic and South Eastern), varying effects of the 2006 and 2009 gas supply disruptions, different energy mixes and structures of supplies, and historical and contemporary relations with the primary gas supplier Russia. The research also assesses the domestic political sources of 1) the orientation and 2) the intensity of preferences regarding EU foreign policy.

The use of three case studies is intended to connect causal factors with outcomes – EU pressures with national outcomes and, as the focus of this research, the impact of
national strategies on EU energy policy. Rather than attempting to uncover the cause of an effect, \( X = Y \), this research instead attempted to uncover ‘pathway(s) through which \( X \) might affect \( Y \)’ (Gerring, 2010: 3). As a result, influence and success are not measured objectively, but instead the measurement is the subjective perception of success. Causal mechanisms tested are outlined in detail in chapter one, section four. With Europeanisation as a heuristic device, a systematic analysis of focusing on the bottom-up, but also top-down directions of change allowed an evaluation of the causal mechanisms and dynamics of continuity and change. Hypothesised causal mechanisms outlined in chapter one were tested in chapters three to five, and compared with the actual causal mechanisms found.

The predominant focus of the research evaluates the causal relationship (causality) between national pressures (strategies and preferences) and EU policy-making and outputs, and the interactive variables which mediate national preference uploading. The tested assumption is that the three NMS looked at in this research will respond (voluntarily or non-voluntarily) to EU pressures differently, and their preferences, strategies and effect on policy-making and agenda-setting at the EU level will also vary in line with the conceptually derived hypotheses in a mutually constitutive process.

The use of these three case studies is not without problems. Overall, a trade-off was necessary between internal and external validity, between a most similar systems design and a most different systems design (Pennings et al., 2006: 34-39). This research focuses on the former, by reducing variation in context and choosing only NMS.

The research therefore strengthens internal validity at the cost of external validity. Future research could use a most different systems design, which would allow variations in contexts of case study countries to be compared. In a small scale research project it is also hard to achieve a sufficiently comprehensive level of understanding of the societies and cultures of all three case studies countries, despite

---

1 In doing so the objective is to seek explanatory propositions that are ‘distinguished from non-explanatory propositions by the inclusion of causal mechanisms’ (Waldner, 2007: 146). This sets them apart from the non-explanatory propositions of correlations.

2 The conception of Europeanisation utilised in this thesis is discussed in detail in chapter one, section 1.3 and 1.4.
reference to both primary data and secondary literature. This also undermines external validity as it is an obstacle to confidently extrapolating from the findings of this study to a more general level (Rueschemeyer, 2003: 331; van Evera, 1997: 53). This is reflected upon in chapter six.

Interviewees were selected to provide a representative sample of the key national energy actors in the case study countries – Bulgaria, Latvia and Poland – and at the EU level. The process of interviewing continued until a degree of saturation had been achieved in terms of new information coming to light and key actors from all institutions having been interviewed. Actors identified and interviewed were those involved in the energy industry, all relevant government ministries, including permanent representatives to the EU, parliamentarians and NGOs, including lobby groups, interest groups, media institutions and academia. At the EU level interviewees included representatives from the relevant Directorate Generals of the European Commission, business interest groups, media institutions and Members of the European Parliament. A largely representative sample was achieved through 70 semi-structured elite interviews and details are provided in section 1.1.2. It is important to note though that it was not possible to interview industry representatives in Poland and Bulgaria, and contact with the Bulgarian Ministry of Foreign Affairs was limited to a written response to questions.

1.1.2. Data Collection

70 semi-structured elite interviews took place between June 2010 and January 2013. These comprised of 44 government officials (including Commission3 and European Parliament (EP) representatives), 26 non-governmental organisation actors (NGAs) (including academics, journalists and actors from think tanks and other NGOs). 24 interviews were carried out in Brussels, 14 in Warsaw, 19 in Sofia and 15 in Riga. A distinction is made in this research between what constitutes a senior and non-senior interviewee. A senior interviewee is labelled within the text, and represents a (deputy) head of a Directorate General (DG), department, unit or NGO.

3 Hereafter, referred to as the Commission.
Initial interviewees were identified using publicly available databases of employees of relevant institutions. Through a process of ‘snowballing’ interviewees identified further relevant energy actors, and in several cases, key ‘access gatekeepers’ who were well connected were willing and able to identify and use their name to help secure the agreement of further relevant interviewees (Bryman, 2008; Seale, 2004: 449; Harrison, 2001: 22). Interviewees were also identified through contacts made at the institutions in which fieldwork was based. In Brussels these were the University of Kent (BSIS) in 2010, and the Institute for European Studies (IES) as a visiting researcher in 2012 and 2013. The Warsaw fieldwork was conducted unaffiliated, but in Riga in 2012 it was based at the Latvian Transatlantic Organisation (LATO), and in Sofia at the Center for the Study of Democracy (CSD) as part of an Erasmus internship.

Interviews were partly structured so as to test each hypothesis. This semi-structured interviewing, with a prioritisation of questions but no rigid framework of the order in which they were asked, enabled follow up questions to be flexible, and the respondents to have a greater degree of freedom in defining what they perceived to be most relevant. The objective of maintaining some structure between interviews was to ensure a degree of cross-case comparability (Bryman, 2008: 440). Clarification probes (Daugbjerg, 1998: 15-16) uncovered further detail, though the six cases in which written responses to structured interview questions were received provided relatively fewer details compared to the other interviews, and only in one case the opportunity for successful further clarification or probing.

In the interviews, the main types of question asked included: addressing the interviewees own role (considering the interaction of others, and ‘the context of their social interaction’, Checkel, 2001: 565); the background and development of energy policy of the NMS and the EU, perceptions of energy security and ‘crises’; examples of ‘success’, opportunities and strategies, and of ‘failures’ and obstacles to uploading.

To systematically explore and analyse interview data, and to enhance the transparency of the data analysis, interview data was coded along the lines of the hypotheses (Bryman, 2004: 418-420; Johnson and Reynolds, 2005: 222-223). To

---

4 See appendix for example questions.
enhance the validity of the interview findings, the research used triangulation with, and corroboration of, other data (Pierce, 2008: 89-90; Flick et al., 2004). In addition to secondary literature, the population of texts studied included primary documents produced from 1950 to 2014 by the EU. Also utilised were national documents such as energy and national security strategies.

Policy outputs were traced at both the EU and national levels. A necessary assumption of analysis is that national governments are actors which are rational and unitary. They have policy preferences which are clearly defined and explicitly publicised in official documents and statements, and they attempt to realise these preferences (of course at the domestic level these will be contested, and are always susceptible to change and are thus fluid, but the government at any point in time will have an explicit ‘official’ preference that is possible to trace). As Baun and Marek (2013: 2) note, making foreign policy is a contested process, influenced by politics and the interests of different institutions and individual policy-makers that are involved and one drawback of a time-limited study such as this is that it is likely to privilege the actions of certain individuals that may not be representative of the state over a longer time period – for example the Law and Justice majority government and then coalition in Poland between 2005 and 2007.

Tracing of policy outputs at the EU and national level was undertaken, along with analysis of (explicit) positions and preferences of national elites, including; key individual actors, ministries, and representatives from political parties constituting the government. Also utilised was secondary literature and elite interviews with actors from EU institutions, permanent representations, national ministries and others with an input or insight into policy-making. Empirical analysis focused on both key actors and key factors. Key factors at the national level include ‘government changes, inter-institutional rivalries and the balance of power between politicians and top bureaucrats’ (Dimitrova and Toshkov, 2007: 962). Key factors at the EU level included the 2004 and 2007 enlargements, the Lisbon Treaty and subsequent legislative and policy developments.

---

5 It is acknowledged that within the states there are power struggles between actors (ministries, prime minister, president etc.) and that national interests as stated in government policy are likely to be the result of contestation between decision-making centres. Secondly, interests made explicit may vary when outputs of bilateral negotiations with third countries and those with the EU are examined.
Another objective of the research, linked to (the social construction of) invocations of crisis and insecurity at the national level particularly, was to examine both the discursive and operational aspects of national and EU energy policy through triangulation with primary and secondary sources. For example, quotes in the media allow an examination of how key energy actors ‘communicate to particular audiences (usually domestic), whereas…other primary documents and elite interviews give some indication of how information is constructed and disseminated to the EU level and other EU member states’ (Tonra, 2001: 30).

Relying on English language sources was a limitation, though there were English language news sources for each case study country. Almost all interviews were conducted in English (the option of a translator was always offered), and major government documents (such as policy and strategy documents) published since accession are available in official English translations.

1.1.3. Ethical issues

The main ethical issue in this research was confidentiality. All interviewees gave written consent to be interviewed and recorded, and were given the option for their comments to remain confidential (Burnham et al., 2004: 253-254). The research received ethical approval from the University of Manchester’s Research Ethics Committee in June 2010 (see appendix), and all data from interviews was stored on encrypted files. Interviews were recorded for the first section of fieldwork in Brussels. However, the request to record interviews in Warsaw, Riga and Sofia was generally turned down, so in these cases notes were taken during interview and written up immediately after. All interviews except for three were conducted in English. These exceptions in Bulgaria involved a local interpreter on two occasions, and one was a written response to questions from the Bulgarian Foreign Ministry, which was later translated.

The cross country and longitudinal dimension of research design was used to identify processes likely to contribute towards successful national preference uploading. Here process tracing is used in an attempt to examine ‘the intervening

---

6 See appendix for example consent form.
causal process – the causal chain and causal mechanism’ between the interactive variables and EU and national energy policy, with a focus on the influence of the NMS in uploading or projecting their national preferences in terms of effecting policy or agenda change or policy implementation (Bennett and George, 2005: 206-07). The objective was to provide a link between theory and empirical data, again in an attempt to improve descriptive generalisations and the external validity of the study’s conclusions (King et al., 1994: 85-86, 226; Pennings et al., 2006: 34).

1.2. Structure of thesis

Chapter one, outlining the conceptual framework, situates the thesis’ research within a conceptual framework that focuses on the actors and policy processes in EU energy policy. The holistic, bi-directional conceptual framework outlined in this chapter allows for consideration of the strategic behaviour of NMS actors, within the constraints set by EU membership. This chapter initially considers in turn liberal intergovernmentalism, neofunctionalism and Europeanisation as explanatory theories or processes in the interaction of the EU and its constituent member states, before discussing policy framing, Europeanisation and the social construction of energy crises and (in)security. The conceptual framework is a synthesis of this literature and it is concluded that NMS influence on EU energy policy is linked to five factors, which comprise the hypotheses tested in this deductive research. These factors are: 1) motivation or intensity of interest in energy policy (change), 2) expertise and learning how to act in the EU policy-making environment, 3) autonomy to act (related to energy (in)dependence and diversification opportunities and trade relations with Russia), 4) coalition-building, and 5) administrative capacity.

Chapter two, outlining the context of EU energy policy development, is an examination of European energy policy from the 1950s to 2013. EU enlargement in 2004/7, two major gas supply disruptions, and significant increases in gas prices in the 2000s provided the context for interested member states, and the Commission, to pursue both the internal dimension of energy security (the internal energy market), and the external dimension through diversification projects. Events since 2004 have led to energy security becoming entrenched as an EU priority, offering a ‘window of opportunity’ for the Commission and interested member states to further develop
policy in the area, and have contributed towards a shift in the perception of import dependency on Russia, away from the country being a positive guarantor of secure supplies. This chapter also highlights channels of influence for member states at the EU level to contribute towards agenda-setting and policy-making.

Chapter three, the case of Poland, argues that successive Polish governments have attempted since accession in 2004 to upload national energy security preferences to the EU level by contributing towards a regional and Union consensus around the objectives of diversifying gas supplies, ‘communitarianising’ energy policy and developing an internal energy market. This chapter focuses on two instances since accession in which Poland has attempted to upload its energy preferences to the EU and influence policy outcomes. The strategies used, obstacles faced and degree of success is analysed, with reference to the Europeanisation uploading framework. The main cases focused on here are: 1) Poland’s successful efforts to include a legally binding mutual solidarity energy clause in the Lisbon Treaty and subsequent EU policy and legislative documents, following the failure of the European Energy Security Treaty proposal; 2) the attempt to influence the routing of the North Stream gas pipeline, including vetoing the replacement for the EU-Russia Partnership and Cooperation Agreement (PCA). This chapter also considers Poland’s post-Lisbon role as an energy actor. The argument made is that Poland achieved a degree of success in these objectives, successfully positioning the country as a major regional and EU energy actor.

Chapter four, the case of Bulgaria, demonstrates that Russia has long been a major economic, political and energy partner, and energy import dependence influences Bulgarian energy policy by both enabling and incentivising, but also constraining and undermining national, and therefore EU diversification efforts. The chapter proceeds to evaluate Bulgarian involvement in the EU’s Southern Gas Corridor, and Russia’s South Stream gas pipeline. Bulgaria is in a key location for these proposed gas transit pipeline projects. The chapter also considers Bulgaria’s role in developing the EU’s internal gas market, through developing gas interconnections with neighbouring countries, including as part of the EU’s North South (N-S) gas corridor. This case demonstrates a failure to translate rhetorical support for interconnections into actual implementation of the projects, as well as a more general failure to re-
orientate Bulgarian energy policy away from Russia and towards EU objectives. It is also found that there has been a qualified increase in Bulgarian energy activism and that convergence with EU policy implementation has been apparent since 2011.

Chapter five considers various explanations for the relative success that Latvian governments have had in playing an active and influential role in EU policy development and implementation. Latvia was unaffected by the gas supply disruptions of 2006 and 2009, and as a result competing discourses within the country regarding energy policy and the need for diversification of supplies persisted. It is considered (though not universally) that diversification may improve security of pricing. However, this chapter demonstrates that as well as Russian energy resources providing a ‘push’ towards diversification and convergence with EU energy policy (development, legislation and implementation), in Latvia it has also acted as a constraining factor in Latvia’s uploading capacity. However, these disruptions to EU supplies provided an opportunity to highlight regional and national vulnerability, and to demonstrate that EU level action was required to solve an issue portrayed as European as well as Latvian and regional; that of a Baltic ‘energy island’. Starting in late 2006, EU energy policy had begun to reflect the preferences of Latvia in terms of expanding the internal energy market to incorporate the Baltic ‘energy island’ and to use legislation and funding to facilitate this. The chapter also finds that regional competition has been a characteristic of Latvia’s energy policy, which has undermined Latvia’s role in implementing the Commission coordinated and EU financed Baltic Energy Market Integration Plan (BEMIP).

The conclusion of the thesis focuses on a discussion of the main findings from the empirical research in order to directly address the research question. The results of the hypothesis testing are compared between the three country case studies, to provide a conclusion regarding the importance of each factor in explaining the influence of member states on EU agenda-setting and policy-making. The extent to which these findings can be generalised is also considered, along with an assessment of the utility of the conceptual framework and methodology.
CHAPTER ONE: CONCEPTUALISING THE EU’S ENERGY POLICY PROCESS

1. Introduction to conceptual chapter

This chapter situates the thesis’ research within a conceptual framework that focuses on the actors and policy processes in EU energy policy. The conceptual framework outlined in this chapter allows for consideration of the strategic behaviour of NMS actors, within the constraints set by EU membership. By limiting the scope of the research to one specific area of the EU’s policy the analysis will focus on how NMS have attempted to influence the EU’s energy policy. This section will consider in turn liberal intergovernmentalism, neofunctionalism and Europeanisation as explanatory lenses through which to study the interaction of the EU and its constituent member states. Section two explores policy framing opportunities for actors, and section three discusses how energy (in)security and crises are socially constructed. The fourth section operationalises the conceptual framework in terms of testable hypotheses derived from the literature.

1.1. Explaining the interaction of the EU and its member states: Liberal intergovernmentalism, a ‘bottom-up’ perspective

Liberal intergovernmentalism utilises a ‘bottom-up’ perspective, focusing on the impact of national politics and policies of EU member states on the EU policy-formation process (Moravcsik, 1998). The theory explains EU integration by focusing on how societal and economic pluralism inform member state preferences in international negotiations, the outcomes of which are overseen and regulated by institutions (Caporaso, 1999: 162). Liberal intergovernmentalism purports to add a layer of analysis by opening the black box of the state, to gain an insight into member state power and preferences through consideration of preference formation on both the domestic and EU level (Dryburgh, 2004) and through adaptation of Putnam’s two-level game (Putnam, 1988: 434), the theory establishes a relationship between domestic and EU level politics.
Considering only upward flows from national to EU level, Risse et al., (2001: 14) note that liberal intergovernmentalism effectively ‘insulates domestic preferences from feedback effects of Europeanisation’. The theory examines two-level games, whereby national interest is determined by domestic political process, which in turn determines the position national actors take with them into international negotiations, and where relative bargaining strength and intensity of interest is crucial (Bache and George, 2006: 14). As such it considers only upward flows from the national to the EU level. No consideration is given to the impact of EU pressures on national foreign policy-making; either at the pre-accession stage, or once states become full members. An alternative conceptual framework is required, and will be utilised in order to both evaluate EU pressures both prior and post accession, and assess and account for the interaction between the individual member states and the EU (other member states in the Council, Council Working Groups and the role of other EU institutions). As with other rationalist accounts, liberal intergovernmentalism argues that interests remain stable and unaffected by interaction, but that intersubjective structures enable member states to conduct cost-benefit analyses of various choices in a rational pursuit of their preferences at the EU level (Dessler, 1989: 454; Moravcsik, 1998: 18). The argument explored here is that interests may be affected by membership, EU pressures, and interaction that leads to a reassessment of costs and benefits. Any change could be rationally derived, or a result of a deeper socialisation of actors.

Instead, liberal intergovernmentalism shares theoretical ground with (neo) realism in the assumption that ‘states will remain the primary actors in the international system for the foreseeable future’ (Hyde-Price, 2008: 38) with the caveat that member states are situated actors, and the structure within which they operate, the EU, does define the scope of available strategies and actions that they can take, though in ‘high politics’, on which this research is focused, they remain relatively unconstrained. Realist theorists note that it is not only relative power that shapes preferences. There is room for distinct ideas, norms and domestic factors, but in ‘high politics’ it is first order interests (security and prosperity) combined with mutual power capabilities that accounts for behaviour and preferences (Hyde-Price, 2008: 31). The conceptual lens of this thesis will utilise a nuanced approach based on the EU as a structural constraint, that sets parameters for available strategies of state actors in terms of
formal rules and opportunities, but also behaviour in terms of adherence to acceptable norms and informal ‘rules of the game’ in EU institutional settings.

In a predominantly significantly intergovernmental policy area such as energy, liberal intergovernmentalism asserts that EU policy positions are derived from national governments and their domestic concerns, with actors ruled by instrumental rationality. Smith (M. E., 2004: 102-103) claims that in these situations it would be expected that the largest and most materially powerful member states (France, the UK and Germany) would generally have the most influence over policy outcomes. However, March and Olsen (1989) conclude that behaviour is increasingly shifting from the aforementioned ‘logic of consequences’ to a ‘logic of appropriateness’. It is argued that power in settings where social rationality is common can be derived from ideas and arguments that correspond to collective foreign policy or EU values (the five norms identified by Manners, 2002: 243), which undermines the material power domination of the major EU powers. Less tangible shared interests, liberal or EU norms and even a sense of obligation may play a role, and member state actors may have opportunities to exploit issues, as norm leaders or advocates, in order to promote their own preferences (Schimmelfennig, 2001: 48).

Liberal intergovernmentalism neglects the role of ideas originating from outside of member governments. Moravcsik concludes that even if new ideas are generated, these only occur in the ‘shadow of national preferences and power’ (Moravcsik, 1995: 618). In Moravcsik’s view supranational EU institutions act merely as an arena for the dissemination of policy ideas, rather than idea initiators and entrepreneurs themselves (1993: 508). Where ideas are imported, it is claimed that these are at the behest of, and a reflection, of member state preferences; ‘intergovernmental demand for policy ideas, not the supranational supply of those ideas, is the fundamental exogenous factor driving integration’ (Moravcsik, 1995: 618). Rather than argue that ideas originate in complete isolation from the EU, this research argues that consideration is needed of the role for idea formation and evolution within the processes of interaction with EU institutions, where they are moderated, filtered and are subject to change.

---

7 Peace, liberty, democracy, rule of law and human rights.
Liberal intergovernmentalism’s focus is on history-making decisions which have shaped the direction of EU integration, with little concern for the effect of day-to-day interactions of actors within the EU. An advantage of theories such as historical institutionalism and a Europeanisation related conceptual framework is that they take into consideration a diachronic rather than comparative statics analysis to investigate change over time, and what Hay stresses are essential factors of analysis such as ‘behaviours, practices, processes, institutions and structures’ (2002: 142). Moravcsik’s liberal intergovernmentalism approach is avowedly comparative and static in that it examines and compares the EU at specific history-making moments. Moravcsik acknowledges but fails to sufficiently address ‘[t]he identity, interests, and influence of groups [which] vary across time, place and, especially, issue-area’ (1993: 483). Liberal intergovernmentalism from this perspective fails to include an examination of cumulative incremental change over time by focusing instead on the outcome, in the form of an intergovernmental conference or treaty, and positing that member governments initiate institutional changes in the EU polity with relatively little constraint (Moravcsik, 1993: 515).

Overall, the framework of liberal intergovernmentalism can be criticised as being overly parsimonious, neatly dividing the integration process into a step-by-step process of settling domestic policy issues followed by intergovernmental bargaining, and then collective negotiating on institutional arrangements (Schimmelfennig and Rittberger, 2005: 78-79), which Kassim and Dimitrakopoulos argue ‘does not capture the complexity of preference formation’ (Kassim and Dimitrakopoulos, 2004: 255). Actors’ goals are assumed to exist independently of institutions. A more satisfactory theory of European integration would take account of the concurrent processes between actors within the EU and the linkages between them (Schimmelfennig, 2004: 82).

1.2. Explaining the interaction of the EU and its member states:
Neofunctionalism, a ‘top-down’ perspective

Neofunctionalism posits a top-down process of integration, whereby spillover (in its various forms) is assumed to transform identities from national to European ones through a process of socialisation:
[W]hereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities toward a new centre, whose institutions possess or demand jurisdiction over the pre-existing national states (Haas, 1968: 16).

Shared with Europeanisation is neofunctionalism’s claim of emphasis not on outcomes but on the process of EU integration, and the question of ‘what kind of strategy politically relevant actors are likely to adopt in a given context’ (Schmitter and Niemann, 2004: 54). However, it is implicit within the theory of neofunctionalism, and the concept of (constructivist or sociological) Europeanisation that if the integration process unfolds, member state sovereignty will diminish. In the former this would be due to a formal transference of decision-making competences to supranational institutions and the irreversibility of this autonomy shift from state to supranational institutions (Rosamond, 2000: 55). In the latter a convergence of preferences and deep identity transformation would lead to the predominance of European norms, values interests and a European identity. In each reading the pressures emanating from the EU will force adaptation and ultimately the inclusion of the EU as a central factor in national decision-making. The full and complete imposition of the *acquis communautaire* upon NMS is evidence of the willingness of member state governments to voluntarily delegate or relinquish a degree of sovereignty (in ‘low politics’ at least) in return for membership. Neofunctionalism conceives the EU as in the process of becoming, rather than being. The theory foresees integration proceeding from a starting point of economic integration, in ‘low politics’, to an inevitable encroachment in terms of decision-making and supranational institutional authority upon areas of ‘high politics’ such as the EU’s Common Foreign and Security Policy (CFSP) (Saeter, 1998: 90). Researching energy security policy tests whether this encroachment has proceeded in the least likely of policy areas, despite decision-making remaining largely intergovernmental.

Neofunctionalism emphasises the influence that the EU integration process and institution can have on the strategies of actors, contrary to liberal intergovernmentalism, which uses the assumption that national interest is formulated as a result of domestic actors’ pressure, leaders’ ideologies and the geostrategic positioning of the state. Ontologically, neofunctionalism assumes the transformation
of states, and as a transformative theory, focuses on the specification of conditions which lead to identity change of actors as part of the EU integration process. Neofunctionalism, like many conceptions of Europeanisation, is based on an assumption of social learning (Haas, 1968: 13). The conceptualisation used here will be based partly on Haas’ claims for the theory of neofunctionalism, that ‘values shape interests and values include many non-material elements’ (2001: 23-25).

It is expected that constraints on choices may force redefinition of preferences and strategies utilised to pursue objectives (so can be non-material too), and that norm leadership or norm advocates may take advantage of exogenous shocks and related issue expansion at the EU level to promote and persuade around an issue. It is conceivable that membership can prove transformational as Haas claims that ‘[p]references of political actors are formulated on the basis of the values held; they, in turn, determine an actor’s sense of interest’ (Haas, 2001: 23). It is claimed that this deep socialisation leads to behavioural changes resulting from value and identity shifts. However, the conception of Europeanisation utilised in this research will make no ontological claim either way, as discerning through the analysis of empirical data is a significant methodological challenge.

Liberal intergovernmentalism’s perspective posits a rationalist concept of parameter shaping resulting from group membership, (with no core value or identity shift). This differs from a process of deep socialisation; EU pressure as a result of frequent interaction of actors at the EU level leading to value and identity convergence. A constructivist reading of the socialising effect of the integration process is that increasing interaction at the EU level can change what Risse et al., refer to as the ‘prevailing-state identities of political elites’ (2001: 11). It is argued that this, in turn, can create European values, ideas and identities that alter individual member state preferences and influence. However, the empirical testing of identity shift or stasis provides a substantial methodological challenge. The process of regional integration is assumed by neofunctionalism to set the parameters of decision-makers’ strategies (Schmitter and Niemann, 2004: 64). It is this rather than identity on which the research focuses; the extent of adaptation. This fits with rationalist accounts such as liberal intergovernmentalism, and the concept of parameter-shaping resulting from group membership, which tends to assume that member states adapt to membership
in that they change their behaviour and ‘adopt new purposes’, yet do not change the
harder to discern underlying ‘theories, values and belief systems’ (Zito and Schout,
2009: 1109).

In this research Europeanisation is conceived as a dynamic, interdependent and two-
way process. The empirical challenge comes from discerning the causal mechanism
accounting for any adaptation or convergence, as the outcomes of a rationalist or
constructivist explanation are not mutually exclusive, even if the mechanisms
specified are (Schimmelfennig and Sedelmeier, 2005: 25). In terms of
Europeanisation, it is unclear what a ‘full permeation’ or end state would consist of
(Tsardanidis and Stavridis, 2005: 230) and proving or even satisfactorily testing a
constructivist identity shift or rationalist strategy shift is largely beyond the scope of
this research, especially as constructivist theorists tend to understand identity shift as
a long term process – and the temporal scope of this analysis is limited.

2. Preference formation; policy framing and the construction of crisis and
insecurity

This section considers preference formation at the EU level, focusing on policy
framing and the construction of crisis and insecurity with particular reference to
energy policy. Exogenous shocks, such as the first of the recent gas ‘crises’, could
have provided opportunities for member state actors as norm leaders. Norm
advocacy as part of strategic bargaining may have led to shifting perceptions of the
situation, a process by which Olsen claims it is possible that ‘change follows as
normative or factual beliefs change’ (2002: 927). Equally, belief change may instead
be simply temporary strategic reorientation, an agreement or apparent convergence
of beliefs based less on collective identity and more on a pragmatic understanding of
what is expected of actors in a particular context, or the realisation by specific actors
that their views are too extreme to be accepted. Schimmelfennig (2001) refers to this
instrumental use of norms and identities as a logic of strategic utility-maximising
calculation, and he identified ‘rhetorical entrapment’ as a norm-based argument that
was utilised to advocate successfully for the establishment of EU enlargement to
Central Eastern European (CEE) countries as a non-reversible EU objective. If
changes endure and national level actors reproduce their responses then it may be possible in the long term to attribute this shift to a shared collective identity.

Björkdahl claims that even in areas where the main powers in the EU are thought to control and steer policy, such as the CFSP, membership of the EU affords states of all sizes the ability to exert power and influence, and especially ‘normative power’ (2008: 1). Lee-Ohlsson highlights the fact that disproportionate and active Swedish influence has helped to shape ESDP policy-making (Lee-Ohlsson, 2009). Wong also points out that small states are not necessarily side-lined, as membership leads to their being equipped on a formal level with ‘necessary institutional resources […] to project their own interests as European interests, they have a role in creating norms and structures’ (2007: 325). Success however is also linked to diplomatic and rhetorical skills, as well as experience and awareness of appropriate norms, rules and behaviour in attempting preference projection at the EU level. Section five and six outline the main factors which account for preference projection on a specific issue, and in doing so offers a set of hypotheses as to the factors defining the influence (capacity) of member states in shaping EU energy policies.

Framing is defined by Benford and Snow as ‘an active, processual phenomenon that implies agency and contention at the level of reality construction’ (2000: 614). A strategy thus available to member states of all sizes in uploading preferences is that of various norm advocacy strategies. Björkdahl considers these to be agenda-setting, framing and diplomatic tactics (2008: 1). It is not necessarily merely the message, or the norm that an actor attempts to convey, but also the medium and how it is propagated; ideally through ‘demonstrat[ing] the policy programme’s relevance, applicability and coherence’ (Schmidt 2000). This should be done through developing policy expertise, being aware of the policy positions held by other member states and EU actors, and learning the norms of behaviour within EU institutions and fora of participation (Jessop, 2001; Hay, 2002; Jacquot and Woll, 2010).

Requisite skills are diplomatic and rhetorical, two characteristics linked to experience or awareness of appropriate norms, rules and behaviour when participating in EU policy-making. Frames are regarded by Giddens (1984: 87) to be collections of rules which have the effect of both regulating and constituting
activities, with the effects of framing being constitutive or constrictive. The causal mechanism by which this occurs is interaction, whereby actors ‘make sense’ of the activities in which they engage, and the appropriate responses of a group member to a particular situation, within a particular environment and context, both for themselves and for others.

For Knill and Lehmkuhl (1999: 12) the main objective of ‘framing policies’ for actors wishing to project their preferences, and to effect change, is to influence both the ‘values and participation patterns’. Discourse is considered by Schmidt and Radaelli to be a framing tool that is a ‘set of ideas about new rules, values and practices, and as a resource used by entrepreneurial actors to produce and legitimate those ideas, as a process of interaction focused on policy formulation and communication’, with discourse perceived to ‘shape new institutional structures’ as a direct result of interactions (2004: 192). Norm leadership or advocacy can be aided when exogenous shocks are a catalyst to focus resources on a particular issue, along with the utilisation and awareness of EU norms and ‘rules of the game’ (the acquis politique). Derived from the work of Jepperson et al. (1996: 10) norms here are conceived as ‘regulative’ – standards which define what actions are appropriate within a given context, for already existing and constituted identities.

In work on EU and national foreign policies, Tonra concluded that foreign policy is not made in the isolation of national capitals, but rather that it is shaped by EU membership, in that ‘institutional coordination - common work practices and structures, a shared information base and the establishment of a common substantive agenda - set up a truly collective context in which a large proportion of national foreign policy is being formulated and pursued’ (2001: 230-231). Framing of national policies through discourse and interaction is therefore a resource used by actors for producing, projecting and attempting to legitimate ideas through interaction at the EU level. The form of the discourse chosen by actors is also influenced by the context in which it is formulated, which for NMS since accession is as a member of the EU.

8 Norms are considered by Jepperson et al. to be ‘collective expectations about proper behavior for a given identity’ (1996: 10).
This perspective is shared by Rein and Schon, who suggest that learning within a frame is ‘dependent on discourse and likewise on political entrepreneurs acting as sponsors’ (1991: 276). Projection of a policy solution by an actor or entrepreneur is married with interaction and opportunities provided to ‘sell’ such ideas through discourse. Whilst ‘Community institutions promote a current trend and give it direction’ (Kohler-Koch, 1996: 361), EU membership affords an opportunity to frame, shape and influence. Actors at multiple levels are induced to take advantage of opportunities available within EU institutions; both formal opportunities and informal opportunities learnt through interaction. Being a member of an institution affords the opportunity to attempt to shape practice and policy. As Kohler-Koch (1996: 373) claims, framing is a possible strategy the success of which is likely to be increased when there exists ‘context conditions persuasive to a particular interpretation of reality’.

Schmidt and Radaelli (2004: 203) claim that the process of (framing issues through) discourse can have a causal influence, when ideas conveyed through the discourse become a part of the common understanding of a particular issue. Subsequent actions, it is argued, require actors involved to take such ideas into account, regardless of whether they are in convergence with their own preferences. It will be argued in chapters two to five that supply disruptions have provided such context conditions, which have aided interested actors who have played the role of political entrepreneurs promoting ideas of EU energy security solidarity and supply diversification.

Proponents of a social constructivist perspective argue that the institutional design of the EU has elements that are conducive to the socialisation of actors, namely the density of interaction between actors (and institutions) which can result in a convergence of behaviour and understanding of certain situations, norms and rules (Thurner and Pappi, 2009: 27). In this account, the institutional world provides a guide to recognising and responding to situations and the rational (in terms of strategies and calculation) is also considered to be constituted socially. The aim of actors is not simply to utility maximise (efficiently and rationally), but to behave in a socially appropriate manner favouring social legitimacy and peer acceptance (Campbell, 1998: 392).
States are obliged (by what is perceived as legitimate) or socialised (by identity transformation) to act in particular ways by their environment which is co-constituted by their own actions and preferences (Jupille and Caparaso, 1999: 435). This leads to what Hasenclever et al. (1997: online) describe as the ‘internal disposition to reproduce established institutions’, as states’ identities are shaped at a fundamental level by the intersubjective structures of the international system and the EU. The two aims are not necessarily mutually exclusive. The motivations for such appropriate behaviour may be deep socialisation and the internalisation of norms of activity within specific contexts. However, they may also be a result of a more rational calculation of how to best achieve objectives and project preferences. It is not the aim here to tease out the distinction between these possibilities.

De Flers argued that asserting national preferences involved framing arguments in the form of norm-based ‘arguing’ and ‘normative suasion’ rather than just a more traditional ‘bargaining’ (de Flers, 2012: 27 cited in Baun and Marek, 2013: 8), and Christiansen also concludes that argument quality is key, not only political ‘power’ (2002: 40). Cox notes that a critical regime theory assumption is that ‘[i]nstitutions are particular amalgams of ideas and material power which in turn influence the development of ideas and material capabilities’ (1986: 219). Stone Sweet et al. (2001: 11) claim that policy frames (collectively held sets of meanings) are most successfully constructed, promoted and propagated by policy entrepreneurs in a way that ‘engage[s] other actors and define new relationships between them’ and ‘define[s] problems and solutions in ways that other actors find convincing and useful’.

Kingdon (2003) argued that a policy entrepreneur is most likely to be taken seriously in agenda-setting if they are recognised as a leader or expert. The initiative should appeal to fundamental EU norms, values and behaviours. Credibility and consistency confers influence on member states who play the ‘Brussels game’ by the rules and are predictable, consistent and well-prepared (also Juncos and Pomorska, 2006). An initiative should ideally facilitate consensus- and coalition-building (Arter, 2000; Wallace et al., 2005) and Kingdon’s work on policy entrepreneurs posited three criteria which should be met in order to be successful: 1) generate well-developed proposals supported by sustained advocacy; 2) consensus- and coalition-building
with other member states and EU institutions; and 3) take advantage of policy windows, which also requires policy coordination and administrative capacity (Kingdon, 2003: 204).

Kingdon (2003) theorised that successful policy entrepreneurship required the ‘coupling’ of policy, political and problem ‘streams’. The problem stream consists of those conditions which policy-makers interpret as problems, policy areas requiring attention following their successful framing as such. The policy stream consists of the various ‘solutions’ developed by actors to such issues. It is only when the politics stream permits policy-making which marries the solution to the problem, is policy entrepreneurship likely to take place. Kingdon (2003) posited that an issue would develop on the policy agenda during the opening of ‘policy window’ of opportunity, such as that provided by a (perceived) ‘crisis’ or a prominent event highlighting the emergence of a political problem which requires more immediate action.

Since the 1960s the Commission has framed import dependence as a problem and suggested that the solution was linked to a communitarianisation of energy policy and diversification of the EU’s import sources (which later evolved to include market liberalisation objectives). The existence of a problem stream and a policy stream is necessary but not sufficient for a policy to reach the top of the agenda. Kingdon argues that they need to be coupled with the politics stream. That is, the opportunity and motive to develop policy along the recommended lines to the emergent priority issue. It will be argued that ‘solutions’ proposed by the Commission and to a greater or lesser extent by the case study countries selected exploited, as policy entrepreneurs, a ‘policy window’. This ‘policy window’ opened as a result of a trend of increasing energy imports and prices combined with supply disruptions (disruptions disproportionately experienced by NMS).

The theoretical frame developed here thus considers Kingdon’s (2003) conceptualisation of policy entrepreneurship and the constructivist insights of norm construction and policy framing. In summary, ideas legitimise member state governments’ interest-based preferences, by projecting them in a way that frames the issue with consideration of the environment and context in which it is situated (and potential reactions from other actors) and appeals, for example, to the interests of the Union as a whole, rather than narrower national interests. Successful framing of
ideas through discourse is related to the requirement for a basis in sound, balanced and comprehensively researched information, the feasibility of actions required and solutions suggested to the problem, and the appropriateness to other actors of the outcomes. Relating this more specifically to the causal mechanism involved, it is conceived that discourse and the framing of an issue has a higher chance of success if cognitive arguments ‘demonstrate the policy programme’s relevance, applicability and coherence’ (Schmidt and Radaelli, 2004: 201), and that normative arguments utilised by actors are framed in a manner that complements cognitive arguments and also highlights their resonance with group objectives. These can be established goals or those that are more recently emerging in response to events.

This thesis makes the claim that measurements of energy security are not wholly objective; dependence on a single energy source can shift between a perception of a mutually beneficial interdependency and negative, unequal and even threatening dependency, depending on the extent to which energy policy has been politicised or securitised. Whilst objective criteria for measuring security of supply, such as import dependence and ability to ‘serve final energy demand in the event of a major gas infrastructure breakdown’ (Silve and Noël, 2010), are important, they form part and not the whole of how energy (in)security is perceived and measured. The identification of threats and the perception of energy (in)security is to a significant degree socially constructed and based on normative assumptions of energy indicators and energy dependence, such as ‘vulnerability to crisis’, probability of supply disruptions and impact on economy and society, as well as mitigation options in the form of storage and alternative emergency supplies (Pointvogl, 2009: 5706; also Hadfield, 2008; Casier, 2011).

Buzan and Waever (2003: 47) posit that it is patterns of amity and enmity which influence the identification of security threats, and this thesis assumes that historical context plays a key role in conditioning invocations of and responses to ‘crises’, and whether an issue becomes securitised and identified as a threat requiring a response (Ciută, 2009: 317). The thesis will examine how the EU, in particular the Commission, and Latvian, Polish and Bulgarian governments and energy elites have perceived and constructed energy (in)security and crises, and how this in turn has

---

9 As chapter two will outline, it is assumed that the Commission is a key avenue for influence and partner for NMS in energy policy.
shaped energy policy and objectives, and strategies for influencing EU level agenda-setting and policy-making. These factors can affect the perception of import dependency (van der Meulen, 2009; Neuman, 2010; Nosko and Lang, 2010) and whether elites consider such dependency to be positive or negative, a guarantee or threat to (energy) security.

Kuus discusses how when ‘security is linked to identity and values, it is unbound from specific threats’ (2007: 117) and how ‘security discourses then represent neither an objective reality nor a subjective fear. They are practices in which the meaning of security is constructed through statements made in its name’ (Kuus, 2007: 9). As t’Hart notes, ‘the most important instrument of crisis management is language. Those who are able to define what the crisis is all about also hold the key to defining the appropriate strategies for [its] resolution’ (1993: 41).

Baun and Marek (2013: 3) claim that national preferences and interests are shaped by factors including: geography, historical experience, perceived national vulnerabilities and weaknesses, policy-making institutions and procedures, and foreign policy strategies and actions (including a preference for unilateral or multilateral strategies). Similarly, Ciută has argued that we should ‘take into account the actors’ history, identities, and strategic myths’ when examining ‘threats’ (2009: 317). It is argued here that historical context plays a role in conditioning invocations of, and responses to, ‘crises’ by situated, legitimate actors. As Campbell notes, ‘crisis’ is a process of social, political and linguistic construction and narration (2002). Political actors can perceive, define, construct and react to ‘crises’ in a variety of ways; a ‘discursive construction’ (Hay, 1996). Energy security is also informed by historical security relations with suppliers and neighbours. This conditions risk mediation and amelioration attitudes, as well as energy activism related to ‘the stake in the game’ at the EU level. Consequently, a supply disruption and/or rising prices do not in themselves necessarily constitute a crisis or insecurity, but can be constructed and conceived as such by actors.

As Schmidt-Felzmann points out, the ‘political, historical, economic and cultural backgrounds…enter into [the] formulation of any EU policy towards Russia’ (2008: 181), and Older Member States (OMS), Carta and Braghiroli argue, consider strong economic ties with Russia as a ‘relative asset’, whereas NMS tend to consider this as
an ‘absolute form of dependence’ (2011: 262). As Chatre and Guedes argue in the case of hydrocarbons transit, this ‘does not create solidarities among states: on the contrary, it pushes them to search for individual compromise with dominant power… a factor of division and exacerbation of security problems’ (2012: 59). There exists a heterogeneity of interests, preferences and relations with Russia between NMS. Rising prices and supply disruptions are then interpreted in various ways by different actors.

Jacquot and Woll (2010), from a constructivist perspective, argue that strategies are socially constructed and ideas transformable. As Sandholtz (1993) notes, member states’ actors constantly redefine, construct and project their interests within the context of their EU membership. Membership then alters interests, or at least the strategically calculating expression of national preferences. The process of Europeanisation provides pressures from the EU then to redefine interests, preferences, policies and strategies. Applied to the perception of (in)security, the issue of whether ideas have transformative effects on national energy strategies is considered in this thesis, including within the context of sub-EU regional groupings and EU membership. Ideas can be used strategically, and attempts may be made to build coalitions around common strategies to increase their chances of adoption. This could be part of a strategy of norm advocacy and leadership utilised by member states. Coalitions may be formed bilaterally, or through regular meetings at the sub-EU level, such as those of the Visegrád group considered in chapter three.

A question in this research is how energy (in)security is used in daily (geo)political practice with regards to energy policy? How it is constructed, what informs conceptions of stability, crisis, security and insecurity? It asks how this dynamic and malleable rather than ossified construction then informs national policy-making and implementation, and its uploading to agenda-setting and policy-making at the EU level, as well as how membership and the EU itself feeds into this mutually constitutive process.
3. Europeanisation: Explaining the interaction of the EU and its member states

This section examines the mechanisms for the uploading of preferences to the EU level. Schmidt and Radaelli distinguish between generations of EU studies. The so-called ‘first generation’ studies focused on the formation of EU policies and the extent to which the Union was intergovernmental, supranational or fundamentally neo-functionalist. In contrast, Europeanisation was considered to supersede these, as a ‘second generation’ study. In doing so, they concentrated on the process by which national elites and member states adjust to the EU as a result of membership (or pre-accession conditionality leading to membership) (Schmidt and Radaelli, 2004: 183).

Unlike rationalist accounts, such as liberal intergovernmentalism and rational choice institutionalism, Europeanisation posits an explanation that incorporates the role of ideas, and attributes causal role to them in the dynamics of political processes (Bache, 2008: 12; Hay, 2004: 149). Such an approach emphasises the role of ideas as constitutive, in that they give all other factors (and social life in general) content and meaning (Fearon and Wendt, 2002: 61). In contrast, a rationalist approach such as liberal intergovernmentalism, according to Moravcsik, (2001: 229) ‘den[ies] only that exogenous variation in other sources of those ideas decisively affects ideas and therefore policy… ideas are thus not causally central, but act as ‘transmission belts for interests’. For rationalist accounts, interaction does not affect the identities of actors. Preferences aid the explanation of interaction, but interaction does not explain preferences (Hasenclever et al., 1997). A rationalist view is thus one in which the attitudes of actors towards norms is one of self-interested strategic calculation. The assumption in such an approach is that power is zero-sum in that membership does not alter pursuit of national foreign policy preferences.

In contrast, Bache argues that that power is positive-sum, and preferences are open to change (Bache, 2008: 4-5). This presupposes that the interests and even identities of the main decision-makers in the EU are not fixed and are shaped by group membership. On issues of foreign policy and energy security (both high politics areas reserved mainly as areas where unanimity endures as the decision-making rule) Groenleer and van Schaik (2007: 975) argue that actors in the Council of Ministers and Member States’ representatives in Council Working Groups no longer consider themselves primarily as national representatives, but instead act as European
representatives, working towards European objectives, thereby adhering without calculation to the norms and values of the EU. This has the potential to contribute to to a convergence of preferences.

The term Europeanisation has been used widely since the 1990s, though it is problematic that the concept is one which is broadly defined. Blair (2002: 846) concludes that, ‘a common denominator remains the notion of adaptation in a policy environment that has undergone an element of change’. This shares Gourevitch’s (1978) concept of the international system as a determining factor of domestic politics outputs; the ‘second image reversed’. Rather than the zero-sum power balance between member states and the EU’s institutions theorised by neofunctionalism and liberal intergovernmentalism, Europeanisation is argued to be a process of the ‘transformation and the adaptation of national policies to the EU’ and Borras et al. claim that it ‘in the member states, there is no single national policy that has not been affected, directly or indirectly, by the…changing the preferences, alliances, strategies, and the number and the nature of the national actors involved’ (1998: 27).

Wendt et al. (1996) noted the following assumptions generally held by Europeanisation scholars: 1) Norms shape member state and other actors’ identities, and resultant shifts in identity affect the policies adopted and pursued by states, and 2) the Europeanisation process is conceived to operate recursively, and results in the transformation of environments (the EU), as state identities affect the structure (s) in which they are situated. Wendt had earlier argued for analysis whereby ‘process and institutions are not to be subordinated to structure’ (Wendt, 1992: 395).

Europeanisation, Olsen argued, is a process, or processes, whereby, ‘[p]olitical actors shift their attention, expectations, activities, loyalties or anger, toward the centre’ (1996: 149). This conceptualisation of European integration implies a focus on one direction, as did Ladrech’s description of Europeanisation as a ‘process reorienting the direction and shape of politics to the degree that [European Community] EC political and economic dynamics become part of organizational logic of national politics and policymaking’ (1994: 69). Sandholtz (1993: 3) focused on the response of the member states to the EU. In doing so he explicitly addressed the alleged flaws of approaches that conceive of national interests as having an
independent existence, and argued against the formation of such interests and related policies in isolation from the EU. Sandholtz’s approach conceptualises member states as actors constantly redefining their interests within the context of their EU membership, and ‘in a different way as members of the EC than they would without it’ (Sandholtz, 1993: 3). Identities and interests, he finds, are context dependent.

Europeanisation shares certain characteristics with social constructivism. Social constructivism’s analysis of ideational factors, such as ideas, culture and norms is based on an assumption that environments affect actors’ identity and interests, and that the ‘building blocks of international reality are ideational as well as material…that they express not only individual but also collective intentionality; and that the meaning and significance of ideational factors are not independent of time and place’ (Ruggie, 1998a: 33). Early, unidirectional, Europeanisation conceptions share the focus on the top-down causal effects that structures such as the EU have on those actors situated within them. Such an analysis focuses on how norms, institutions and the culture of international and domestic environments shape the policies and interests of states (Jepperson et al., 1996). Earlier formulations of Europeanisation also focused more specifically upon the significance of structure as a counter to the primacy afforded to agency upon environments by rationalist and realist accounts. Actor properties in terms of their policy preferences are considered by such a Europeanisation perspective to be contextually informed. Consideration of the relationship between actors and the environments in which they are situated is thus necessary. This is regardless of whether ‘deeper’ or enduring identities and interests of the actors are, as neorealists and neoliberals state, essential and intrinsic to the states, or whether they are socially contingent, an assumption which social constructivists subscribe to (Jepperson et al., 1996).

Europeanisation, of all varieties, assumes that uses and forms of power cannot be explained with reference solely to material factors. Rather, it is necessary to account for power by also accounting for cultural and ideational factors, and the process of socialisation that results in transformation of group members (member states in this case). Overall, early, unidirectional Europeanisation analyses did not reject upward projection of preferences, or the mutual co-constitution of policy at both the national and EU level. However, in countering the prior dominance of the neofunctionalism
versus liberal intergovernmentalism debate, neither did they explicitly examine the possibility. Instead they focused on the effect(s) of EU pressure on actors (institutional and individual) at the national level. Tsardanidis and Stavridis (2005: 219) characterised early Europeanisation analyses as primarily focusing on a particular dimension of Europeanisation, the ‘adaptation of the national state systems, politics and policies of EU member states to EU theory and practice’.

Vink and Graziano also focus on domestic adaptation to the EU first, rather than conceiving of the process as simultaneous (2007: 9-10). Such a focus of analysis on a top-down perspective is logical in the pre-accession stage, where prospective member states have no formal avenues to shape policy. Instead conditionality is used to force adherence to strict adaption criteria, with rationalist institutionalism explaining how adaptational pressure is exerted by the EU’s empowerment of (utility-maximising) domestic actors, through the offer of political and legal resources (Sedelmeier, 2006).

Early conceptions of Europeanisation tended to focus less on the opportunities to shape EU policy that are conferred upon new members. Featherstone described Europeanisation as a process dictating ‘that the imperatives, logic and norms of the EU become intrinsically absorbed into domestic policy, to the extent that the distinction between European and domestic policy requirements progressively ceases to exist’ (Featherstone, 1998: 24). This assumes the direction of pressure, and implies that temporally there is an end point of convergence of national and EU policy and interests.

Less explicit enquiry was devoted to analysing the fact that whilst member states are faced with pressures emanating from the EU, they themselves also constitute the EU. Rather than being rendered impotent or merely converging upon a single EU norm or identity, this research will test the hypothesis that EU membership offers power to actors and opportunities, (especially when resources are concentrated) to shape the agenda, and initiate policies and discourse. Such opportunities are restricted in the pre-accession period by pre-accession conditionality, the requirement to adhere to the body of EU law, and the status of observers rather than participants. Once full membership is conferred upon a state then opportunities are available to shape EU
policy through uploading or projecting preferences, whilst simultaneously being shaped by EU level pressures.

While Europeanisation is not generally accepted to provide a grand theory of EU integration,\textsuperscript{10} it is a conceptual process that is receptive to the possibility that decision-making in high politics is not simply an insulated unidirectional transference of national preferences to the EU level. The approach taken is here is to trace and attempt to explain changes in institutions at the national and EU level, alongside policy outputs and any shifts in the balance of power between actors at the national level, or decision-making and competence at the EU level. Bulmer and Lequesne commented in 2002 that, ‘[t]he question of how successful a member state is in promoting or ‘uploading’ its policy preferences is one of the most relatively under-researched and under-theorised in the literature on EU governance’ (Bulmer and Lequesne, 2002: 14), with Bulmer and Radaelli describing EU-member state interaction as ‘a matter of reciprocity between moving features’ (2004: 3; also Pomorska, 2011: 1-2; Manners and Whitman, 2000), also providing channels of influence from the national to EU levels.

As highlighted by Radaelli (2004: 190) a top-down approach can be problematic when restricted solely to ‘top-down logic in which the only aim is to find out the domestic effects of independent variables defined at the EU level’. This necessarily restricts the scope to adaptation to and implementation of EU policy without consideration of the potential reflexivity within the process. The conceptualisation of ‘Europeanisation’ used in this research does not abandon earlier definitions, such as Wessels and Rometsch’s ‘shift of attention of all national institutions and their increasing participation – in terms of the number of actors and the intensity – in the EC/EU decision-making cycle’ (1996: 328). However, it also includes the measurement of member state projection and input into EU policy-making. By focusing on the impacts on domestic policies and behaviour, the mode and scope of change in domestic practices and structures, and change in the distribution of resources, the extent of the shift towards recognition of the EU level’s importance in projecting and achieving national preferences is examined (Lippert et al., 2001: 980).

\textsuperscript{10} Or to be a theory at all.
March and Olsen argue that a ‘logic of appropriateness’ rather than a ‘logic of consequentiality’ dictates actors’ behaviour and by extension shapes policy-making (1989: 160-2). The latter suggests rational goal-driven behaviour whereby actors aim to maximise utility. The former posits actions made according to the context of the decision-making arena. In such a ‘logic of appropriateness’, structure and agency are codetermined. Context and institutions in which an actor is situated shape actor choices and identity, and these structures are also shaped by the actor’s choices and identity (Hay, 2002: 89). This constructivist viewpoint is thus based on an ontological supposition that actors (including those at the elite level) engage in behaviour that can be constrained by social norms. Norms in this instance are seen as having the potential to change interests (and even identities). This is opposed to the rationalist viewpoint that actors operate to advance their (in the case of liberal intergovernmentalism, domestically derived) interests by strategically manipulating the views of other elites through relative bargaining power and the effect of relative intensity of interests (Checkel, 2001; Moravcsik, 1998).

Schimmelfennig (2000: 116-117) concludes that the concepts of logics of appropriateness and consequentiality are not mutually exclusive, and that it can be the rational and efficient action to adhere to ‘appropriate behaviour’. Finnemore and Sikkink agree that ‘[t]he extensive body of empirical research on norms reveals an intimate relationship between norms and rationality’ (1998: 909). The rationalist assumption is based on self-interested actors, who in the political context seek to gain and then maintain power; an interest that is not socially constituted. Legitimacy is a constraint here in that it affects cost-benefit calculations. This perspective views socialisation as the need for recognition of norms and values, if not the internationalisation of them, potentially leading to conformity. Conformity confers benefits upon those (rational) actors who strategically calculate that it is worth the costs of adaptation.

This research conceptualises Europeanisation not as internalisation of rules and norms of behaviour, but more as a compliance based on strategic calculation on the part of relevant NMS actors both in Brussels and in national capitals. This is assumed to occur through the learning of appropriate norms, rules and strategies. In this, it is closer to rational choice institutionalism (Schimmelfennig and Sedelmeier,
2005) in viewing the effects of Europeanisation as leading to national decision-makers arriving at decisions on a strategically calculated basis, altering behaviour and strategies to take account of the context in which they are made, and the accepted norms of appropriateness within environments. It is hypothesised that ‘actor self-interest effectively “maps on” to “appropriate” behaviour’, and varies over time and depending on the issue (Goldmann, 2005: 43; Clark and Jones, 2011: 348), rather than there being a clearly delineated distinction between the logics of appropriateness and consequenciality (March and Olsen, 1998). It is considered that strategies employed alter over time, but not necessarily values. Whilst the latter shift posited by sociological institutional accounts, a transformation of values and identity effected by Europeanisation, is not ruled out, it is largely precluded from this analysis due to the difficulty of discerning between the two using the methodology employed in this research (see section 1.2).

The conceptual lens utilised here aims to take account of the potential for actors to behave in a strategically calculating manner in order to pursue their own aims whilst adhering to the norms and values of the EU, and playing a role in the constitution of the structure in which they are situated. National actors are aware of and strategise within the structural constraints of EU membership on their actions. Agential autonomy is constrained by the structure of institutions, norms and (in)formal rules. These constraints set the parameters of decision-making and strategies of national actors. The structures of EU institutions are also derived from the continuous interaction between member state actors and EU level actors (Goetz, 2007). At least since the Treaty establishing the European Coal and Steel Community (ECSC), the structure (EU institutions, rules, decision-making procedures, norms and informal ‘rules of the game’) and agents (member state actors) have been co-constituted.

The Europeanisation approach utilised here is one which conceives of agents in line with Jessop’s strategic relational approach; their ‘strategically calculating structural orientation’ occurs within ‘structurally inscribed strategic selectivity’ (2001). The research will evaluate the extent to which three NMS\textsuperscript{11} have attempted to shape policy, whilst at the same time reacting to EU shaping pressures and constraints in a particular policy area – energy security policy. In doing so, through a bi-directional,

\textsuperscript{11}The actors within the NMS are the government, national energy and foreign ministries, and the Permanent Representatives, and ambassadors and energy attachés within them.
holistic Europeanisation conceptual lens the research will allow for and test (strategic) learning (Hall and Taylor, 1996; Jacquot and Woll, 2010), norm advocacy and norm leadership (Björkdahl, 2008), and rhetorical entrapment (Schimmelfennig, 2001).

Rules and informal norms can be contextually dependent. The options of strategic actors are dependent upon a reflection on what actions are considered to be appropriate in a particular context (Hall and Taylor, 1996: 23). In the structure-agency debate, Finnemore concludes that constructivist approaches such as sociological institutionalism propose that structures are ‘ontologically prior to and generative of agents’ (1996: 333). Sociological institutionalist accounts therefore claim that social actors are a product rather than producers, of culture and society. Liberal intergovernmentalism, on the other hand, clearly posits the constraining rather than generative nature of structures in the EU. The relationship between structure and agency (and in this context between EU institutions and EU member state governments) conceived in this research is one that is mutually constitutive; a bi-directional Europeanisation process.

There is a clear and obvious distinction between the pre and post-accession stage for accession candidates. Until the date of accession states are on the outside in an observer and recipient capacity, and are forced to accept decisions. After accession there is the switch to participating in three stages: preparation including the act of disseminating information and argumentation, decision-making, and implementation of decisions. In the pre-accession stage there is no single EU model to which accession countries can seek to converge their national administrations, but when applied to aspirant member states Europeanisation is a top-down process, the analysis of which focuses on the impact of the accession process (and adherence to the acquis communautaire) ‘on the domestic structures of nation-states within the context of transformation and democratization’ (Lippert et al., 2001: 982).

During the pre-accession process, institutional arrangements are made to link the EU with executives of member states, and this entails the creation and evolution of institutions at the national level to support the link between the two levels (Goetz, 2000: 212). Potential member states are subject to pre-accession adaptation pressures, ‘governance by conditionality’ (Schimmelfennig and Sedelmeier, 2004; 2005) or
‘administrative assistance’ (Carius et al., 2000). Adaptation pressures affect domestic politics more generally as well as administrative structures at the national level (Knill and Tosun, 2009). This can change the power balance and distribution between domestic actors, by shifting ‘domestic opportunity structures’ related to accession (Knill and Lehmkuhl 1999: 2).

Whilst some institutional arrangements and even balances of power between actors are forced to be redefined as a result of pre-accession conditionality, strategic change is considered to result less from coercion. As Kohler-Koch (1996: 366) acknowledges, EU integration and the accession of new member states and new political actors necessitates a consideration of the fact that these political actors operate in a new, different system and culture of policies and politics; a system which induces, rather than forces, redefinition of strategies.

Knill and Tosun (2009) highlight the causal mechanism of frequent interaction of actors, and Olsen characterises the effect of interaction as ‘simultaneous processes of change and a pattern of mutual adaptation among co-evolving institutions’ (2002: 941). This is a trigger for a development of organisational and policy convergence, and norm adherence, in order to mimic perceived success elsewhere or to increase social legitimacy or efficiency. This fits with Radaelli’s desire to include within the concept ideas, norms and culture as part of:

\[\text{[P]rocesses of (a) construction, (b) diffusion, and (c) institutionalisation of formal and informal rules, procedures, policy paradigms, styles, “ways of doing things”, and shared beliefs and norms which are first defined and consolidated in the making of EU public policy and politics and then incorporated in the logic of domestic discourse, identities, political structures, and public policies (2003: 30).}\]

However, Radaelli’s 2003 conception of Europeanisation is not explicitly bi-directional as it claims that ideas, beliefs and norms are defined, formed and consolidated at the EU level and then radiate from the EU down to the domestic level of member states. In this research it is considered that the making of EU politics and policy is itself a process by which the uploading of member state preferences, norms and ideas are taken into account and simultaneously shaped. Change is therefore caused both by the effect of EU downloading pressures and by
the simultaneous uploading of member state actors’ inputs, the impact of and on the EU.

Through a process of political learning actors are likely to reorientate their strategies, including consideration of other member states’ and the EU’s policies and objectives (Zito and Schout, 2009: 1108-1109; Laffan and Tannam, 1998: 69), thus adjusting institutions and institutional practices (Pomorska, 2011: 186). 12 In this research it is therefore assumed that national officials working in Brussels must operate with awareness of their national interest, the national interest of other member states, and the interest of the older (pre-2004) member states. This may be due to socialisation of identities, or may merely be a rational and effective way of furthering national interests, by anticipating the consequences and interests of other actors. In their study of Irish accession Laffan and Tannam concluded that, ‘public officials are no longer just agents of the Irish state; they are participants in an evolving polity which provides opportunities for political action but also imposes constraints on their freedom of action’ (1998: 69).

The two levels are co-constituted and analytically inseparable. This research thus conceives of Europeanisation as a holistic, bi-directional process, which takes account of the ‘second dimension’ whereby member states also seek to ‘externalise’ their national foreign policy positions into the EU level, success of which results in ‘Europeanised’ policy’ (Tsardanidis and Stavridis, 2005: 221-222). Building on the work of Toller (2010: 421) the conceptualisation of Europeanisation used in this research will be one that emphasises the extent of Europeanisation across three case study countries in a particular policy field and over a ten year period. The aim is to use this conceptualisation as a tool to establish the causal link (s) between national policy and ‘the European factor’ (Vink and Graziano, 2007: 15–17; Exadaktylos and Radaelli, 2009). The analysis will examine cross-national variance in Europeanisation extent and character, and the factors which account for member state influence on EU energy agenda-setting and policy-making. Overall, it is argued here that a holistic Europeanisation conceptual framework allows for a more nuanced understanding of the interdependent relationship between EU and national levels of policy-making than can be achieved with a unidirectional conceptual lens.

12 Developing a ‘reflex communitaire’ (Tonra, 2001; Carlsrae et al., 2004).
4. Operationalising the conceptual framework

This thesis argues that studies of EU foreign policy must move beyond the grand EU integration theories which largely ignore EU pressures leading to national adaptation (liberal intergovernmentalism), or posit a creeping supranationalism towards an undefined end state and assume that through the integration process EU pressure incrementally erodes and constrains member state governments’ sovereignty and autonomy in the decision-making process (neofunctionalism) (Peterson, 2001: 298). Rather than assuming that decisions ‘converge toward the minimum common denominator of large state interests’ (Moravcsik, 1991:47), Wong is an example of an author conceiving that European integration can be explained through a process of Europeanisation, a significant reorientation of national policies and EU policies which absorb and reflect national policies (2007: 331). Agenda-shaping and policy-making at the EU level is likely to occur with inputs from above (political route) and below (technocratic route) (Princen and Rhinhard, 2006: 1120). The conception of Europeanisation utilised here argues that the pressure on both, mutually constituted levels, the national and EU, is ongoing (Lee-Ohlsson, 2009; Börzel, 2003; 2006). Focusing on the inter-linkages between the EU and national levels of policy-making, Europeanisation is suitable as an analytical concept and heuristic device for exploring and understanding the policy area and interactions of actors, and for deriving testable hypotheses.

As discussed above, frequency of interaction between actors affects learning and strategic shifts, and learning can shape the parameters of strategies pursued in projecting national preferences as well as the formulation of national policy. Framing is affected by context conditions and coalition building. The focus of the research is on factors endogenous to the EU and its member states which are relevant to adaptation and projection. However, exogenous factors also affect energy security policy in the EU and its member states. In particular, the policies and actions of Gazprom and Russia will be taken into account, and the role that historical and contemporary relations with Russia on the construction of energy (in)security. The political and economic context in which policy has developed in the period from 2004 to 2013 will be evaluated, as these are important interactive variables. This
analysis will take place during the second chapter, determining the extent of EU energy policy development and integration.

In analysing the dynamic and interdependent process of EU and national energy policy interaction it is necessary to operationalise the Europeanisation concept to explain ‘why, how and under what conditions [the EU] shapes a variety of domestic structures in a number of [member] countries’ (Risse et al., 2001: 3) and why, how and under what conditions those member countries shape the EU’s institutional structure and policy outputs. This research utilises a framework based on the work of Tallberg (2008), Wallace et al., (2005), Pomorska (2007), Kaminska (2007; 2008) and Copsey and Pomorska (2010) on national preference uploading and agenda-setting. As noted by Bulmer and Birch:

To dissect Europeanisation as reception and projection highlights our view of the relationship between the EU and member-government institutions as iterative and interactive. It is difficult to try to conceive of the relationship in conventional, positivist social science terms i.e. with independent and dependent variables and simple causality if analysis is to capture incrementalism and continuity (2001: 78).

It follows that the focus here is on the bottom-up projection – uploading – of national preferences, rather than a consideration of independent and dependent variables. This is because the social constructivist approach to Europeanisation considered here is one in which structure and agency are inseparable and the national-EU relationship is considered to be an a mutually constitutive, dynamic and interdependent process, of which interactive variables are part. In this research these interactive variables are:

1) Intensity of interest in energy policy (change);
2) expertise and learning how to act in the EU policy-making environment;
3) autonomy to act (related to energy (in)dependence, diversification opportunities and trade relations with Russia);
4) coalition-building;
5) administrative capacity.
The three research aims of this research are: firstly, to analyse and explain energy policy developments at the national and EU levels; secondly, to understand the process of national energy preference formation, particularly by reference to ideas of crisis and insecurity; and thirdly, to understand the process of uploading from the national to the EU level, and factors that mediate this process.

The theoretical claims made in the existing literature suggest that five main factors are correlated to the perceived success of national preference uploading and influence in EU agenda-setting and policy-making – these form the hypotheses which are tested in this thesis:

**H₁**: Influence on EU agenda setting and policy-making is linked to the strength of national preferences (political will/activism) and this is conditioned by perceptions of (in)security and crisis at both the national and EU levels.

**H₂**: Effective uploading of national preferences is conditioned by the ability of key national actors to understand the formal and informal norms of policy-making at the EU level.

**H₃**: Influence on EU agenda setting and policy-making is linked to the strength of national preferences (political will/activism) and this is conditioned strategically by the Russia ‘factor’ in both the national and the European energy landscape.

**H₄**: Institutionalised regional and strategic coalition-building can aid policy development and uploading of national preferences onto the EU level.

**H₅**: Administrative capacity at the national level facilitates or impedes uploading of national preferences to the EU level.

Chapter two will consider the development of EU energy policy between 1950 and 2013, and argue that since the mid-2000s a policy window has opened that has facilitated treaty and policy change. Chapters three, four and five will discuss the background to Polish, Bulgarian, and Latvian foreign and energy policy, before assessing the explanatory value of each of the five conceptually derived hypotheses listed above in turn, as well as the interlinkages between them. The concluding chapter will assess these hypotheses in a more explicitly comparative, and
empirically informed, manner and will consider the generalisability of the results beyond the three (newer) member states of this research.
CHAPTER TWO: THE DEVELOPMENT OF EU ENERGY POLICY

1. Introduction

As outlined in chapter one, this research will use a synthesis of literature on EU agenda-setting, Europeanisation and the construction of (in)security as a conceptual tool to look at the following: 1) what contextual changes have affected EU energy security and; 2) the effects of this change, in terms of policy outputs at the EU and national levels. The aim in this chapter is to introduce and outline the first of these issues in section two - what has changed within the global and European context of energy security policy through an examination of European energy policy from the 1950s to 2003, including tracing of the development of policy outputs and Treaty-derived decision-making changes at the EU level.

The effects of changes between 2004 and 2013 will then be examined, focusing on the main contemporary issues within the policy area in sections three and four. The latter period includes the Lisbon Treaty, Third Energy Market legislation, gas diversification strategies, and the context in which these policy and legislative developments have been formulated. As will be demonstrated in this chapter, empirical data makes it clear that the issue of energy security has been an ever present concern for the EU since the 1950s, though its importance on the EU agenda has increased significantly since 2006. The dependency on energy imports, particularly on gas from Russia, began to be perceived in negative rather than positive terms (Palonkorpi, 2007) as a result of increasing prices and gas supply disruptions. The case study chapters will evaluate why the EU’s policy has developed as it has, focusing on the causal mechanism(s) between NMS and the EU by examining specific examples of the EU’s energy security policy.

The chapter will argue that until 2003 the objective of a common EU energy policy was unrealised. EU enlargement, two major gas supply disruptions and significant increases in gas prices have provided the context since 2006 for interested member

13 Significant parts of this chapter have informed, and been informed by, the following publication: Maltby, T. (2013) ‘European Union energy policy integration: A case of European Commission policy entrepreneurship and increasing supranationalism’, Energy Policy 55: 435-444. Any direct quotes from this publication are attributed.
states, and the Commission, to pursue both the internal dimension of energy security (the internal energy market) and, through diversification projects, the external dimension.

It is important at this point to outline how energy security is conceived at the EU level by the Commission. As noted in chapter one and as will be further argued in the case study chapters, this is a contested term. The 2007 Energy Policy for Europe (Commission, 2007a) established that the main objectives were those of competitiveness, sustainability and security of supply. The security element was to be achieved through reducing dependence on imported fuels and ensuring reliable energy supplies at reasonable prices. Meeting the objectives of reliability of supplies and reduced import dependency requires an improvement in both the internal and external dimensions of security of supply (Commission, 2007a). The internal element relates to an interconnected, internal energy market, energy efficiency to reduce demand and increased use of renewables. The external dimension of energy security is to be improved through diversified sources of supply and supply routes, and negotiating with a ‘single voice’ (Commission, 2006a). There is a distinction, but also an overlap, between the EU’s internal and external security and the policies, legal framework and actions required to increase both. Given this overlap, the research will focus on the external dimension, security and diversification of supplies, and also on interconnections which facilitate the trade of gas with other EU member states.

Within this chapter the development of EU energy policy pre- and post- the 2004 enlargement is evaluated. In the subsequent case study chapters the influence of three newer member states - Bulgaria, Latvia and Poland - on EU energy policy and implementation is tested with reference to the hypotheses developed in chapter one. These are, the importance of: 1) ‘policy windows’; 2) norm and policy entrepreneurship; 3) the intensity of interest in policy change; 4) regional alliances and; 5) administrative capacity. The chapter will proceed with an introduction and a historical overview of the EU’s energy policy. This is followed by an outline of the main issues that have dominated the EU’s energy security agenda since 2004 in section three, which explains why energy policy has become an EU priority. In
section four the legislative and policy responses to these concerns are examined, including a detailed discussion of the evolving role of the Commission.

2. Historical overview of the EU’s energy security context and policy responses, 1951-2003

This section traces the development of the EU’s energy security policy from 1951 to 2003, and the context in which EU level responses were formulated prior to the fifth enlargement in 2004/7. In doing so it will be demonstrated that early, and continued, awareness of the issue of energy security from the Commission (exacerbated by the 1970s oil crisis) has been an important factor.

The ECSC (1951: Art.3) set out the concept of ‘Security of Supply’ in Community law, and as a main objective. The focus of this was internal, given the heavy dependence at the time on coal, a common source within the founding members of the EC. In 1957 the European Atomic Energy Community (EURATOM) Treaty established an internal market along with a Supply Agency (operational from 1960) that led to community policy in the field of nuclear energy, and the potential for central intervention to ‘ensure that all users in the Community receive a regular and equitable supply’ (Euratom Treaty, 1957: Art. 52). The Supply Agency’s competency extended to ‘an exclusive right to conclude contracts’ relating to materials ‘coming from inside the Community or from outside’ (Euratom Treaty, 1957, Art. 53), providing an example of early supranational governance in the policy area, though member states retained the right to appeal to the Commission for a final decision on the actions of the Agency, and setting a limit of a 20 per cent maximum supply of uranium from a single non-EU state. The Euratom Treaty remained in place in May 2014. The ECSC and Euratom Treaties provided ‘energy policy tools based on exclusive supranational powers vested in a central authority’ (Andoura et al., 2010: II; also Kirchner and Berk, 2010: 869; Maltby, 2013: 437).

Imported energy as a proportion of total energy consumption rose from 27 per cent in 1956 to 33 per cent in 1960 (Schumacher, 1964: 201), and the 1962 Memorandum on Energy Policy set out the objectives to ‘decentralize and diversify supply zones as
far as geographically possible’ (ECSC, 1962: 6) and to ‘avoid complete dependence on outside supplies’ (ECSC, 1962: 7). ‘Security of supply’ was a stated aim of the Council in 1964 (CoEU, 1964) and the Commission’s Community Energy Policy in 1968 considered that the lack of integration in the energy sphere was considered to be a ‘dangerous trend’ which could be changed only through a ‘Community energy policy which fully integrates the energy sector into the common market’, counterbalancing ‘risks arising from the great dependence of the member states on imports and from insufficient diversification of the sources of supply’ (Commission, 1968: 5).

It is clear that the EU was aware of the potential risks of energy dependency and the proposals in 1968 were broadly similar to those in 2013; that the EU should have a general framework for action and measures in place in case of supply disruption, and that a common market should be implemented. These recommendations were largely ignored by the Council and member states until the 1990s. Despite awareness of the potential hazards of energy dependency, the period up to 1970 was characterised by a combination ‘relatively low prices’ and ‘ample availability’ (Commission, 1972: 2), until a restriction of oil supplies led to the prediction that the era of easy supply ‘has little chance of being maintained’ (Commission, 1972: 3).

The 1973 ‘energy crisis’ highlighted both concerns about vulnerability to interruptions of energy supply and the inadequacy of securing supplies for the EU whilst policy-making remained within an intergovernmental domain, though member states instead opted for individual solutions; from indigenous nuclear, (North Sea) oil and gas, and diversified supplies (Kirchner and Berk, 2010; 869). This supply disruption provided the first catalyst for a shift in the perception of this dependency, though the only Council legislation concerning gas14 was a requirement of member states to inform the Commission regarding proposed hydrocarbon imports (CoEU, 1972) and it was hoped that unspecified investment projects in the oil, gas and

---

14 A Council decision was made regarding oil exports between member states, mandating the Commission to ‘decide to make intra-Community trade’ in oil and/or petroleum products (CoEU, 1977).
electricity sectors (without legislation) would contribute towards the long term aim of a ‘common energy policy’ (CoEU, 1972).15

In 1981, the Commission predicted a substantial increase in energy demand but, recognising the heterogeneity of energy preferences amongst member states, it did not propose any ‘substantial centralization of energy policy instruments’ nor ‘uniformity in the diversification of supply’ (Commission, 1981: 10). This concession was maintained in successive EU Treaties and prior to the 1992 Maastricht Treaty the development of the EU’s energy policy was characterised by an awareness of energy security issues, and the risk of dependence. An awareness of the issue was not matched by member state perception of negative dependency, and the political will to introduce legislation to ameliorate the issue was lacking. The potential for Community action at this point was exemplified by, but also limited to, the Union’s nuclear energy policy.

The 1986 Single European Act introduced measures to establish an internal market by the end of 1992 (Single European Act, 1986: Art 8a), providing the groundwork for legislation on the internal energy market implemented from the 1990s. Preceded by the Commission’s 1985 White Paper (Commission, 1985), and followed by a Green Paper in 1988 (Commission, 1988), an energy plan of action from 1986 to 1995 focused on putting the ‘concept of Community solidarity into practice’ with the objective of ‘geographical diversification of the Community’s external sources of supply’ and ‘greater integration, free from barriers to trade, of the internal energy market’ (CoEU, 1986: online). External energy objectives lacked substantive legislation to achieve them and there was continued acceptance that member states have their ‘own characteristics in the sphere of energy and in the light of their specific possibilities and constraints’; the sole legal requirement was that they should supply information on their energy policies and the vague insistence that they ‘make efforts of comparable intensity’ (CoEU, 1986: online).16

---

15 Following a Commission conclusion that emergency stocks and ‘[d]iversification of sources of supply increases both short and long term security’ (Commission, 1972: 31). In 1979’s ‘Towards a European Energy Policy?’ the Commission also highlighted the economic risk of energy supply vulnerability and high dependence on external supplies (1979: 2-3).

16 The Commission was requested to submit biennial reports on the Community’s energy situation, and five-yearly reviews of Council objectives (CoEU, 1986).
Throughout the 1990s, the EU also attempted to increase energy security by exporting EU legislation, in an effort to develop the principle of interdependence and rules-based market multilateralism through such policies as the Energy Charter Treaty (ECT) (Council and Commission, 1997). The ECT focused on market access issues for transit and supply, as well as market governance. Though the issue of solidarity between signatories was notable by its absence, this principle was successfully exported to 51 countries in Asia and Europe. Crucially, Russia was amongst a group of five states that did not ratify the Treaty, and withdrew altogether in August 2009\textsuperscript{17} (Energy Charter, 2010).

A 1996 Commission report highlighted trend in energy dependence on third countries which could potentially reach 70 per cent of total consumption by 2020 (Commission, 1996: 4), and concluded that the issue for EC policy was not so much about long-term ‘security of supply’ as the fear of short-term disruption and threats to market structures and competition (Commission, 1996: 67). No Community action was set out in the in the external dimension of either the Maastricht (1992), Amsterdam (1997) or Nice (2001) Treaties. In the sphere of foreign and external energy policy, the Council had competency, acting unanimously on Commission proposals\textsuperscript{18} (and consulting the European Parliament) (Art. 130s).

The change that did occur was the introduction of some limited community competency in the internal energy market establishing the Single Market objective, (Maastricht, 1992; Art. 129b), and followed by the first energy market liberalisation directives adopted in 1996 and 1998 (EP and CoEU, 1996; 1998). These additional competencies were not, however, supplemented by any projects to diversify gas supply routes or sources, which were only considered from the late 1990s. Energy security moved up the list of the EU’s priorities as a result of increasing demand and decreasing domestic supply, but dependency on a single source for gas supplies, Russia, was perceived to be a relatively minor risk by the Commission and the fifteen member states. Energy markets remained highly concentrated and national in

\textsuperscript{17}Specifically, Russia refused to accept the Transit Protocol of the ECT. Opposition centred on the limitations this would have had on Russia’s monopoly generally and if ratified ‘in the transportation and export of gas through the existing gas corridors [which] would have allowed Central Asian and independents’ gas to be exported without Gazprom’s intervention’ (De Jong and van der Linder, 2008: 6).

\textsuperscript{18}‘Measures significantly affecting a member state’s choice between different energy sources and the general structure of its energy supply’ (Nice Treaty, 2001; Art. 175(2)).
scope, and long-term contracts and vertical integration between wholesalers and retailers foreclosed markets to new entrants (Commission, 2000).

Though internal, the first concrete legislative steps had implications for the external dimension of energy security. Following proposals from the Commission, and a co-decision legislative procedure, this resulted in the first Gas\(^{19}\) (and Electricity\(^{20}\)) Directives, in 1998 and 1996 respectively (EP and CoEU, 1998; 1996). A 1995 Green Paper and White Paper (Commission, 1995a; 1995b) and 2001 Green Paper (Commission, 2001) tried to define an EU energy policy, based on diversifying supply and liberalising the energy market, though Gault concluded that ‘there is no consensus on European energy security policy. Suggestions gathered during the Green Paper consultation process varied widely and often failed to distinguish between the role of government and the role of the private sector’ (2002: 8). Gubb argued that the Commission’s efforts to liberalise the internal energy market were hindered by ‘France, in particular, [who] consistently blocked moves to let foreign companies compete in internal markets’ (2007: online). Langsdorf claimed that attempts by the Commission to include a separate energy chapter in the 1992 Maastricht Treaty failed because member states with high domestic reserves vetoed this proposal and that the First Energy Market Directives of 1996 (electricity) and 1998 (gas) had to be based on internal market and environmental regulations of the Treaties as a result (2011: 5; senior EU NGA #3, 2012).

The EU’s First Energy Package therefore introduced for the first time legislation to create a liberalised internal energy market. Infringement procedures, however, were common following slow transposition of EU law, and support from member states and industry was low (Commission, 2006b; senior EU NGA #1, 2010). In 2006 the Commission took action against 17 member states, 21 after slow progress in implementing internal energy market legislation. This followed a warning in 2005 that it would be giving top priority to the ‘transposition of both the letter and the spirit of the [gas and electricity] directives’ (Commission, 2006b). In June 2009 the Commission initiated infringement procedures against a further 21 member states concerning gas. The key violations identified were an absence of regional

\(^{19}\) Directive 98/30/EC.
\(^{20}\) Directive 96/92/EC.
\(^{21}\) Austria, Belgium, the Czech Republic, Germany, Estonia, Spain, France, Greece, Ireland, Italy, Lithuania, Latvia, Poland, Sweden, Slovakia and the United Kingdom.
cooperation, lack of transparency and a lack of both enforcement action within member states and dispute settlement procedures (Commission, 2010a: 2-3). The objective in both cases was also to deal with the fact that ‘meaningful competition does not exist in many member states’ (Commission, 2007).

It is also worth noting the expectation in the 1990s, shared by industry and the EU, that with the breakup of the Soviet Union, private companies would play a major role in Russia and the Former Soviet Union (FSU), taking advantage of foreign direct investment opportunities to secure energy resources (De Jong and van der Linder, 2008: 5). Instead, as noted in the introduction, the 2000s have been characterised by a return of gas resources (pipelines and gas fields) to state control in Russia and, through Gazprom, energy resources in the FSU have also remained largely within Russia’s sphere of influence. Since 2006, state owned Gazprom has had a monopoly in both Russian gas production and transport (Youngs, 2009: 119).

During this period the Council had competency in energy policy, acting unanimously on Commission proposals (consulting with the EP) (Art. 130s). Commission competency was limited to the internal energy market, though the Maastricht Treaty’s Article 3 set out the objective of extending the activities of the Community to the sphere of energy infrastructure. Until 2000 the issue of energy security was given relatively little attention by the Council. In a 2000 Green Paper the Commission continued to emphasise the need to diversify supplies, offering a warning that ‘the Union suffers from having no competence and no community cohesion in energy matters’ (Commission, 2000: 28). It was highlighted that external energy dependence was predicted to increase from 50 per cent in 1999 to 70 per cent in 2030 and that a long-term ‘strategy for security of energy supply aimed at reducing the risks linked to this external dependence’ was required (Commission, 2000: 69). Despite this concern there was also the prediction of short-term (five to 10 years) security of gas supply and dependency on Russia was considered ‘relatively comfortable’ (Commission, 2000: 81), based on the opinion that ‘the continuity of
supplies from the former Soviet Union, and then Russia, over the last 25 years is testimony to an exemplary stability’ (Commission, 2000: 40).\(^{22}\)

At an informal European summit in October 2000, the Commission received the mandate for a regular energy dialogue energy with Russia, from January 2001, but whilst the EU’s 2003 European Security Strategy (European Council, 2003) referred to energy dependence as a ‘special concern’ as the largest world importer of gas and oil, it was not considered by member states to be one of the five ‘Key Threats’ facing the EU\(^{23}\) (European Council, 2003: 14). However, a Commission report in 2002 emphasised that:

Uncoordinated action by the member states in the event of an energy crisis is likely to jeopardise the proper functioning of the internal market in gas. For the proper functioning of the internal gas market and security of supply, it is essential that member states should act in solidarity in extraordinary supply situations. Mechanisms must therefore be put in place which will allow the coordinated implementation at Community level of measures to face up to such situations (Commission, 2002a: 17).

Overall, between 1990 and 2003 there was continued and enhanced focus on energy security at the EU level. Legislation, however, was limited to embryonic internal gas market legislation. Momentum had been building since the 1973 oil ‘crisis’, and continued through the 1980s as a result of oil supply restrictions and the Chernobyl disaster. Whilst the 1986 Single European Act created the EU’s internal market, it was the Maastricht Treaty (1992, Art. 3) which set out the objective of extending the activities of the Community to the sphere of energy infrastructure through ‘the establishment and development of trans-European networks’.\(^{24}\) At the end of this period, the EU’s member states were relatively complacent about energy security, despite concerns aired by the Commission. The EU’s energy security policy in 2003 consisted of an early stage internal market and competition policy, an embryonic environmental policy, and initial discussions (without concrete action) on the

\(^{22}\) The same report also highlighted the importance of a replacement to the EU-Russia PCA - ‘A long term strategy in the framework of a partnership with Russia would be an important step to the benefit of supply security’ (Commission, 2000: 40).


\(^{24}\) The foundations for Maastricht included three directives followed a Commission Green paper on energy (1988), and covered transparency of gas and electricity prices (1990), the transit of electricity (1990) and the transit of gas (1991) through major EU networks.
external dimension (diversity of sources and supply routes, and security of supply mechanisms). Divergent energy situations between member states and complacency regarding gas dependency were obstacles to the development of a coherent, effective EU policy to comprehensively address the Union’s energy security.


Casier argues that ‘a predominantly economic understanding of EU-Russia energy relations’ has shifted to one framed ‘in terms of a power struggle, geopolitical competition and security’ (Casier, 2011b: 505). This is as a result of Russia’s ‘assertive energy diplomacy’ and foreign policy ‘changed the environment in which the EU operated’, particularly in combination with EU enlargement (and the energy and foreign policy interests of NMS) and rising energy prices (Casier, 2011a: 550).

This section will outline the evidence for the claim that during the 2004 to 2013 period energy policy became a priority for the EU, and that this created a policy window (Kingdon, 2003; Kaunert, 2010; Maltby, 2013; Copeland and James, 2014) for NMS actors and the Commission to shape energy policy developments. Combined with the 2004/7 enlargement, the EU concerns outlined in this chapter account for why energy security is now an EU priority, and explain the perception that dependence on a single transit route (Ukraine) and a single gas supplier (Russia) is a risk; a form of negative dependency.

The three main issues that have dominated the EU agenda within energy security policy are: 1) Increasing energy demand, import dependence and competition for supplies; 2) dependence on a single transit route and related supply disruptions and 3) Russia’s energy strategy, gas infrastructure investment, and increasing energy prices. These issues will be addressed to provide context for EU level policy development and, in subsequent chapters, specific NMS responses and contributions towards agenda setting, and policy-making, and implementation.
3.1. Increasing energy demand, import dependence and competition for supplies

The first of the three issues that have dominated the EU’s energy security agenda is the EU’s increasing dependence on energy imports. Overall energy import dependency has increased and in 2012 the figure for the EU-27 was 53.3 per cent (from 46.8 per cent in 2000). Natural gas import dependency for the EU was 65.8 per cent in 2011 (Eurostat, 2014). Whilst the proportion of gas imported from Russia in 2008 constituted only 18 per cent of EU-15 gas consumption, in the NMS this was 60 per cent (Commission, 2010b: 33). NMS such as Latvia, Estonia, Lithuania, Slovakia and Estonia were 100 per cent dependent on Russian gas in 2011 (Bulgaria was 86 per cent dependent) (Eurostat, 2014) and in 2008, Hungary, Slovakia, Lithuania and Latvia, relied on Russian gas for approximately one third of their overall primary energy usage25 (compared to the EU average of 8 per cent) (Europe’s energy portal, 2010). The EU’s dependency on gas imports has been exacerbated by the enlargements of 2004 and 2007, and the NMS are disproportionally dependent on gas imports. Since the diversity of suppliers in the NMS is that much lower and in some cases they receive gas from a single supplier, they are in general more vulnerable to disruptions of gas supplies.

The United States (US) Energy Information Administration’s (EIA26) global economic growth forecast predicts world GDP growth per annum (p.a.) to 2035 of 3.23 per cent (2 per cent for within the Organisation for Economic Cooperation and Development (OECD) countries, 4.4 per cent for non-OECD countries) (EIA, 2010b: 16). Global natural gas consumption is predicted to rise by up to 44 per cent (1.3 per cent p.a.) by 203526, with India and China as key drivers of this demand27 (EIA, 2010a: 44). EU natural gas production is also declining, and whilst liquefied natural gas LNG supply to Europe is increasing, pipeline traded natural gas through long-distance pipelines remains the main source of EU natural gas (EIA, 2010a: 42). The increased global demand for gas supplies, especially from China, does not constitute

25 Primary energy is ‘the energy embodied in natural resources (e.g. coal, crude oil, natural gas, uranium) that... is transformed into secondary energy by cleaning (natural gas), refining (oil in oil products) or by conversion into electricity or heat’ (IPCC, 2014: 814).

26 From 108 trillion cubic feet in 2007 to 156 trillion cubic feet in 2035, and its use in the electric power sector increases by 1.6 per cent per year’ (EIA, 2010: 11) – though this depends on climate change mitigation efforts.

27 China and India are forecast to spend 3 per cent and 6 per cent in GDP p.a. until 2030 (EIA, 2009).
increased competition directly, as supplies to the EU use different pipelines and different gas fields than those proposed for China, and infrastructure is not transferable. However, rising demand from Asia, economic recovery leading to continued increasing demand from the EU, environmental targets making gas more appealing than coal or oil, and no major forecasted increase in conventional gas supplies, could lead to a situation whereby ‘gas markets will assuredly tighten, and tighten very quickly’ (Hulbert, 2010).

Threats to energy security of supply identified by the Commission, ‘include the reliance on imported and insufficiently diversified energy sources, the political instability of several energy-producing and transit countries, (and) global competition over energy sources’ (Commission, 2013a: 5). Russia is the world’s largest natural gas exporter and state-owned Gazprom has a monopoly in both gas production and export to the EU (Sherr, 2010: 63; Youngs, 2009: 119), as well as long term import contracts for EU member states. The risk for importers such as EU member states is that a reduction, or the (implicit or explicit) threat of energy resource restriction can be used to exert economic and geopolitical pressure, as well as having serious material impacts on industrial output and the health and wellbeing of citizens.

To diversify gas suppliers, the EU’s proposed Southern Gas Corridor pipeline would provide gas from Azerbaijan, Kazakhstan, Uzbekistan and Turkmenistan and possibly from Iran and Iraq in the future. However, as Kaufmann et al.’s work on political stability has indicated, in 2009 only Kazakhstan and Turkmenistan were considered relatively politically stable in terms of threats to investors and business (2009: 83-85). It is also problematic that, in expanding energy and more general partnership with these countries, ‘[r]elations with them expose the EU regarding its commitment to human, political and civil rights and open societies’ (Wood, 2010: 314), though Casier has also noted the pragmatism of relations with Russia, where ‘normative references to human rights and democracy have taken a marginal position and function at the periphery of the bilateral agenda’ (Casier, 2013: 1380).

Whilst the EU has ambitious environmental aims, slow progress has been made in switching to more sustainable, domestically-derived renewable energy sources and the main concern remains external dependency. The contribution of renewable
energy sources to primary energy consumption in the EU-27 was 13 per cent in 2013, with 20 per cent the objective by 2020, and 27 per cent by 2030 (Commission, 2014a). Enhancing energy security through increased domestic energy supply, in the form of renewables and nuclear sources, is a long-term EU objective, not a short-term diversification option.

Several authors have characterised the contemporary situation as one in which energy relations are politicised, and discussions about demand security and energy supply have been elevated to the political level and reflect the divergent political sensitivities of the Union’s member states (De Jong and van der Linder, 2008; Aalto, 2008; Yergin, 2007; Youngs, 2009). Enlargement has led to NMS representing a group of member states prioritising a more communitarianised energy policy, because of their greater energy import dependency, less diversified gas markets, higher prices and historical relations with Russia (as discussed in chapter one and in chapters three to five).

3.2. Dependence on a single transit route and related supply disruptions

A second issue that has dominated the EU’s energy security agenda, and a key factor in establishing the policy area as an EU priority, has been the supply disruptions that have been a side effect of reliance on a single transit route for gas imports from Russia. It has been apparent since 2006 that the EU is at risk from disputes between Gazprom and third countries, because it is highly dependent both on a single source of gas, from Russia and also a single transit route, through Ukraine. Until the completion of the first section of the North Stream pipeline in 2011, 80 per cent of gas to the EU from Russia transited through Ukraine (Commission, 2009b), and recent transit disputes between Ukraine and Russia have affected gas supply levels in EU member states.

During the 1990s, the Russian-Ukrainian gas relationship was affected by high Ukrainian debts, the Russian economic crisis and short supply cut-offs from Russia (Stern, 2006: 34). A 2004 settlement addressed gas debt for the period 1997 to 2000, though relations deteriorated with the victory in the disputed 2004/5 Ukrainian elections of a pro-EU President (Yushchenko) and the withholding of 7.8 bcm of gas.
by Ukraine that Gazprom had stored in the country (BBC, 2005). The Russian Duma unanimously voted that Ukraine should pay EU market prices for gas, rather than the two thirds discount the country had been receiving as part of a transit barter deal (BBC, 2005). Ukraine refused to pay market prices, and between 1 and 3 January 2006 Russia cut all gas destined for Ukraine, which reacted by diverting gas destined for the EU (Ria Novosti, 2006). The countries affected (with degree of gas supply disruption) included: Hungary (40 per cent), Austria, Slovakia and Romania (33 per cent), France (25-30 per cent) and Poland (14 per cent) (BBC, 2006). Gas deliveries were back to normal levels by 4 January (partly due to a mild winter) and the same day Gazprom and Ukraine's Naftogaz signed a five year contract of €80/mcm (compared to the €135/mcm Gazprom had initially demanded) (Stern, 2006: 44-45).

This was the first gas supply disruption that the EU had experienced, echoing the oil shocks of the 1970s and 1980s. In 2008, a last minute deal averted a further gas supply disruption, when Ukraine agreed to pay a 2007 debt of up to €1 billion (Walters and Kim, 2008).

Despite this, the perception of Russia as a reliable partner largely endured until the most serious gas supply disruption occurred in January 2009, providing a ‘wake-up call’ to both the gas industry and member states (senior EU NGA #1, 2010; Slovakian official #1, 2013). It was this event which ‘meant a lot in older member states and the Commission. That such a disruption can actually happen. The basic dilemma of security of supply, cost versus benefit and what the worst case scenario is, and what insurance is required. And 2009 breached that previously considered level’ (Commission #7, 2013). The same interviewee commented that the 2006 and 2009 gas supply disruptions ‘acted as a catalyst. Attention was there already…the ideas were there’. There was an opportunity for the Commission and NMS to act as policy entrepreneurs, framing solutions to the emergent, and socially constructed crisis of energy (in)security.

In 2009, Gazprom demanded €180/mcm from Ukraine. The Ukrainian rejection led to a demand by Gazprom to pay the ‘market price’ of €295-320/mcm which was also rejected (Womack, 2009). Gas supplies were cut on 1 January 2009, and restored 20 days later. EU intervention consisted of a monitoring committee, involving

---

28 And other CIS countries; Georgia, Moldova and the Baltic countries.
Commission officials and staff from Russian and Ukrainian energy ministries, though this was considered to have had little impact on resolving the issue (Runner, 2009). The Czech Republic, Poland, Hungary, Romania and Bulgaria (all NMS) suffered gas supply reductions of between five and 30 per cent (Womack, 2009). An example of the economic effects was in Slovakia, where the government claimed that the economy suffered damage to the sum of 0.5 per cent of GDP, or €100 million per day for the duration of the disruption (Laca, 2009). Chapters three, four and five will explore in greater detail the impact of these supply disruptions on the economies and elite perceptions of energy (in)security in Poland, Bulgaria and Latvia respectively.

The prolonged disruption was resolved after 20 days when Russia agreed to a 30 per cent reduction in gas prices to Ukraine, in exchange for a 25 year extension to Russia's Black Sea, Sevastopol, naval base lease (Watson and Tkachenko, 2010). Following the election of President Yanukovych, and a rapprochement in Ukraine-Russia relations there have been no further major supply disruptions (Sherr, 2010: 64-65). However, there was a minor disruption to EU supplies in June 2010, after supplies from Russia through Belarus were cut for four days. As a result there were cuts in supply of up to 60 per cent to Belarus and a 40 per cent knock-on drop to Lithuania (Osbourne, 2010). In January 2012 Russia also failed to meet contracted demand in the EU (Chazan, 2012) and this further highlighted gas supply security concerns.

The EU Energy Commissioner highlighted in 2006 that ‘security of energy supply is only really considered at national member state level; but in reality we need a much greater European-wide approach on the issue’ (Piebalgs, 2006). The disruptions of 2006 and 2009 drew newer and older member states closer together in perceiving significant dependence on undiversified sources of gas as a risk to energy security; as a Commission interviewee explained, ‘a coincidence led to an opportunity. New member states’ accession with their focus on security of supply helped to highlight the issue and push it further up the agenda, and advocate solidarity in the matter’ (EU NGA #1, 2010). Another Commission interviewee considered there to be a need

---

29 Belarus demanded preferential rates in order to participate in a customs union with Russia and Kazakhstan (Sergeyev and Makhovsky, 2010).
30 A decrease in supplies was reported in nine EU countries, including a decrease of 24 per cent in Germany and Italy, 30 per cent in Austria and 8 per cent in Poland.
to ‘intensify external energy actions’ as a result of the supply disruptions (Commission #5, 2010), whilst two NGAs pointed to ‘a shift in behaviour of member states’ towards taking the issue and compliance with internal market legislation more seriously (EU NGA #1, 2010; senior EU NGA #1, 2010). Further details on the changes in energy policy legislative procedure are considered in section 4.1.

3.3. Russia’s energy strategy, gas infrastructure investment, and increasing energy prices

An issue which has contributed to the post-2004 EU energy security agenda is the perceived risk associated with Russia’s energy strategy. There are two elements here - the first concerns what the EU perceives as a Russian strategy of ‘divide and rule’, through bilateral negotiations with individual member states; the second relates to gas production and infrastructure investment levels. The latter will be considered first, particularly the impact of the global recession on ensuring adequate investment levels to match future EU demand for gas.

In January 2010 Russia had stated reserves representing a 25.4 per cent share of the world’s total gas, and to meet increasing demand, gas production is expected to rise by 0.6 per cent p.a. (EIA, 2010a: 46). However, in 2006, the International Energy Agency (IEA) warned that ‘the ability and willingness of major oil and gas producers to step up investment in order to meet rising global demand are particularly uncertain’ (IEA, 2006). By 2009, the financial crisis had exacerbated these concerns, and the IEA warned that ‘falling energy investment will have far-reaching...[and] potentially serious consequences for energy security’, citing a 19 per cent decrease in investment in upstream gas projects in 2009 (IEA, 2009: 5). Applied to Russia, it is clear that investment is an issue, demonstrated by the indefinite postponement in August 2012 of a decision regarding investment in the Russian Shtokman gas field (Chazan and Belton, 2012).

31 Exploration and production.
Production in Gazprom’s three largest fields Yamburg, Urengoii and Medvezh’ye is declining (Mortishead, 2009). Combined with production volumes, a barrier for investment in gas infrastructure and production is that in the first half of 2009 Gazprom’s production and transmission costs rose by a third, a result Sherr attributes to inflation and structural inefficiency (2010: 64). Russia experienced a GDP decline of 8 per cent in 2009 (EIA, 2010b: 18), and Gazprom had debts of approximately €40 billion in the same year, limiting investment potential (Zhdannikov, 2009). As the major supplier of gas to the EU, there are concerns regarding whether investment in Russian gas infrastructure is sufficient to keep pace with the forecasts of steadily increasing EU demand to 2030, as well as in the future satisfying the requirements of the fast expanding Asian gas markets (Russian Energy Strategy, Government of the Russian Federation, 2010). In 2008, Barroso stated that ‘[w]e must shield European citizens from the risk that external supplies cannot honour their commitments’ (Barroso, 2008: 2). Russia’s failure to guarantee supplies to nine EU member states in February 2012 (Chazan, 2012) highlighted ongoing supply concerns and kept the risk of supply disruptions due to reliance on a single supplier (for some member states) on the agenda as the ‘worst case scenario was reached again’ (Commission #7, 2013).

The second element of concern for the EU regarding Russia’s actions relates to the country’s explicit energy strategy and bilateral energy negotiations with the Union’s member states. Unity (at least in the form of rhetoric) is increasing and Russia has been the case where member states argued most openly for a ‘geopolitical dimension’ to EU energy policy (Youngs, 2009). However, a continued lack of EU-wide policy coherence in negotiations has been demonstrated by individual member states’ bilateral import contracts with Gazprom, and both Padgett (2011) and Smith (H. 2006: 11) point to the preferences of energy producers including Russia for bilateral relations with member states. This has been widely perceived by the Commission to represent a deliberate ‘divide and rule’ strategy by Russia (Commission #3, 2010; Commission #4, 2010).32

The variation of energy mixes and contracts amongst EU member states is a concern for the EU as it hinders the development of a common EU interest in the policy area

and resultant common EU actions. There is also the risk that certain member states are vulnerable to economic pressure that may be politically derived (given the strong link between Gazprom and the Russian state). This concern is not unfounded, as Russia has also focused this century on the issue of energy and its link to national security. The 2003 Energy Strategy of Russia (Government of the Russian Federation, 2003) highlighted the use of ‘great energy resources’ as an ‘instrument of carrying out internal and external policy’. By 2009, increased competition for energy was considered as one of the main Russian national security threats (Government of the Russian Federation, 2009). A stated Russian objective is that ‘international policy for the long term will focus on the possession of energy sources’ and ‘under the conditions of competition for resources [it] cannot be excluded resolving problems by military force’ (Security Council of the Russian Federation, 2010).

The Commission perceives the use of trade disputes and bilateral long-term gas contracts as a concerted Russian effort to undermine the formation of common EU interests and policy. Russia is thought by the Commission to ‘use provocation as a bargaining tactic, especially against smaller states’ (Commission #3, 2010). The perception from the EU is that the Russian objective is to also exert political leverage from these assets to maximise income and preferential negotiation outcomes in the energy and other spheres (Hulbert, 2010; Commission #3, 2010; EU NGA #3, 2010; Stern 2006; Pervododka, 2010). Bilateral deals (or ‘divide and rule’) are a way of achieving this. This is a two way process, with Einari Kisel, the Deputy Secretary General of Energy in the Estonian Ministry of Economic Affairs, stating that there is a ‘[w]idespread idea that Russia will not hesitate to abuse its position as energy supplier. No policymaker in Estonia approaches energy as a purely economic matter. The broader geopolitical context is always taken into account’ (Kisel cited in Bult, 2010).

A problem for the EU was that ‘competition and price formation in gas now mostly takes place outside the realm of the EU policy-makers… [as] the upstream part of the gas sector is not within the regulatory jurisdiction of the EU (despite enlargement)” (De Jong and van der Linder, 2008: 6). Between 2004 and 2011, retail electricity and gas prices have increased by 65 per cent and 42 per cent respectively compared to 18
per cent for inflation over the same period (Commission, 2014: 54). Average household gas prices increased by 77 per cent between 2004 and 2011, and average industrial prices more than doubled, rising at an average annual rate of 11 per cent (and 9 per cent for household prices) (Commission, 2014b: 58). Increased competition for supplies from emerging markets such as India and China, combined with slow production capacity growth when prices were low in the 1990s, has resulted in a ‘sellers’ market where demand is outpacing supply and prices are thus high’ (De Jong and van der Linder, 2008: 3).

Member states have engaged in bilateral trade deals in energy, rather than the EU negotiating as a single bloc (De Jong and van der Linder, 2008: 2). As the Commission summarised in 2014, the impact on energy security was that ‘[t]he higher the energy import dependence, the greater the exposure to external supply disruptions, and sudden price hikes…[and] The more diversified a country’s import sources, the more room it will have to negotiate favourable contracts and secure the cheapest sources’ (Commission, 2014b: 65). Kuzemko (2014: 67) also notes a self-reinforcing concern about Russia as a (non-benign) energy superpower. Actors within the EU can and have strategically appealed to normative beliefs around this dependency on Russia, and strategically appealed to these ideas in order to promote energy policy development.33

To summarise, the main concerns that have dominated the agenda of the EU in energy security are: 1) Increasing energy prices, energy demand, import dependence and competition for resources; 2) dependence on a single transit route, leaving the EU vulnerable to trade disputes with transit states, which led to supply disruptions affecting the EU in 2006 and 2009; and; 3) the success of Russia’s energy strategy (‘divide and rule’ policy), and the concomitant willingness of individual member states to negotiate bilateral deals with Gazprom, which has undermined the development of a common EU energy policy. This final issue has been combined with EU concerns that the Russian strategy has been characterised by a lack of investment in Russian gas fields and pipelines, which could affect the ability to meet increasing EU demand for gas in the long term. Enlargement of the EU in 2004/27

33 Similarly, Casier explains a limited move towards a ‘geopolitical logic in energy relations’ as a result of ‘material and social changes’, with both distrust and ‘conflicting perceptions’ of economic interests key (Casier, 2011b: 506).
has occurred alongside: an increase in EU energy imports and fossil fuel prices, as well as gas supply disruptions. The opening of the policy window related to the latter enabled the Commission to couple a supranational ‘solution’ to the emergent ‘problem’ of energy insecurity; more reasonable pricing and reliable supplies could be achieved through an internal EU gas and energy market, supplied by more diversified sources of gas (Maltby, 2013: 439).

4. Post-enlargement EU energy policy developments.

4.1. Legal framework

Energy was a factor in the ECSC (1951) and Euratom (1957) Treaties, both of which provided ‘energy policy tools based on exclusive supranational powers vested in a central authority’ (Andoura et al., 2010: II), but there was no Treaty provision to provide a legal framework for a common EU energy policy. The internal market rules of Maastricht do allow for a potential common internal energy policy if infrastructure, finance and other obstacles are overcome, but it was the Lisbon Treaty which incorporated for the first time an Energy Title, with a co-decision (ordinary) legislative procedure (TFEU, 2007: Art. 194). In addition to inclusion of a ‘spirit of solidarity’ in the functioning of the energy market, measures promoting energy efficiency and renewables, promoting interconnections, and ensuring ‘security of energy supply in the Union’, it was also decided that ‘[s]uch measures shall not affect a member state’s right to determine the conditions for exploiting its energy resources, its choice between different energy sources and the general structure of its energy supply’ (Treaty on the Functioning of the EU (TFEU), 2007: Art. 194). What ‘solidarity’ means in this context is vague and Konstadinides argued that the Energy Article provided an, ‘interpretative, rather than legally binding, commitment’ (Konstadinides, 2011; also Andoura et al., 2010). The empirical chapters will explore how ‘solidarity’ in energy policy has been framed and implemented.

Article 122 outlines that the Council (acting on a Commission proposal) will decide upon the appropriate solidarity measures to counter supply disruptions, excluding the Parliament. For measures which significantly affect a member state’s choice between
different energy sources and the general structure of its energy supply, a special legislative procedure applies, and the Council is obliged to consult the European Parliament but is not bound by its opinion – and unanimity is required (Article 192(2c) TFEU). Crucially, the EU remains treaty bound to ‘[f]ully respect member states' sovereignty over primary energy sources and choice of energy-mix’ (Article 194), with the Commission’s role as an agenda setter, initiating legislation when mandated by the Council, and monitoring the implementation of energy legislation, including checking the adherence of gas supply contracts between member states and third countries to EU legislation. Member states remain largely free to formulate and implement their own foreign policy and engage in bilateral trade deals with third countries. Only in the internal dimension does the Lisbon Treaty allow for a common EU energy policy, ‘in the context of the establishment and functioning of the internal market and with regard for the need to preserve and improve the environment’ (Article 194).

In terms of formal instruments and competence, decision-making in the policy area relies on intergovernmental cooperation and remains dominated by national preferences, and the Lisbon Treaty reiterated existing decision-making rules in the sphere of energy. The Commission’s 2007 Energy Policy for Europe (Commission, 2007) is an example of the supranational institution’s use of advice and information provided for the European Council, in a successful attempt to shape decision-making. The Council’s 2008 Report on the Implementation of the European Security Strategy reflected the Commission’s advocacy of energy security as a high priority and one to be secured through enhancing both the internal and external dimensions of energy security, in particular the Commission’s insistence that the latter will be achieved through diversification (European Council, 2008: 5). These two reports informed the Third Energy Market Package legislation in 2009 (EP and CoEU, 2009a) which Eikeland noted reflected greater Commission will and leverage to pressure member state governments on the supranationalisation of EU energy policy during its proposals (2011: 243). A Commission interviewee concluded that the gas ‘crises’ triggered increased policy actions within DGs (Commission #5, 2010), and a separate Commission actor reflected on the ‘new dynamic as a result of the [2006 and 2009] crises…[providing] an opportunity for the Commission to develop, recommend and lobby for a new energy policy for the EU. Something recommended
in the 1990s and before, but without the necessary political will of the member states, the Council, to take action’ (Commission #1, 2010).

Given the interaction between member states and the Commission this highlights an avenue for member states to shape the agenda and policy-making prior to, and outside of, the intergovernmental European Council environment. The objective of the Third Energy Package was ‘to enable the EU to achieve a more secure, competitive and sustainable energy supply’ through common rules for ‘transmission, distribution, supply and storage of natural gas’ and ‘access to the market’ (European Council, 2009; EP and CoEU, 2009a; 2009b; 2009c).³⁴

Articles 6 and 7 of the Third Energy Market gas directive oblige member states to promote regional and bilateral solidarity and cooperation to safeguard security of supply of natural gas, through interconnections, mutual assistance and co-ordination of contingency measures, and Internal Energy Market progress reports (EP and CoEU, 2009a: Article 52(6)) which assess security of supply issues, including bilateral relations with third countries. This represents a limited supranational transfer of authority from the member state to the EU level.

As Wood notes, within the EU ‘[e]nergy policies and industries tended to divergent national models’ (Wood, 2010: 308). The Commission’s 2008 Second Strategic Energy Review (SSER) was a reaction to this divergence, and enlargement-derived discrepancy, and stated that ‘[i]nterconnection and solidarity within the internal market is not only a natural feature of an integrated market-based system but is equally essential to spread and reduce individual risk’ (Commission, 2008a: 4). The legal framework and crisis mechanisms of the 2004 ‘security of gas supply’ directive were reviewed in the SSER and deemed insufficient for delivering a coordinated response to serious supply disruptions (Commission, 2008c: 11). The lack of preparedness and mechanisms for responding to disruptions of gas supply was considered a major obstacle to the ‘development of the internal market and external energy policy-making’ (De Jong and van der Linder, 2008: 8).

³⁴ A European Network of Transmission System Operators for Gas (ENTSOG) was also created to manage the EU’s gas transmission network and aid the objective of Article 6, which emphasised ‘regional and bilateral solidarity’ (EP and CoEU, 2009a).
Following the disruption of Russian gas supplies to the EU via Ukraine in January 2009, the Commission proposed a regulation on the security of gas supply, to improve security of gas supplies in the internal gas market and prepare each member state for ‘[t]he failure of the largest single gas infrastructure or gas supply source, the so-called N-1 principle’ (Commission, 2009). Adopted in 2010 (EP and CoEU, 2010), this regulation makes explicit that security of gas supply in the EU ‘cannot be sufficiently achieved by the member states alone and can therefore, by reason of the scale or effects of the action, be better achieved at Union level’ and that ‘security of gas supply is a shared responsibility of natural gas undertakings, member states and the Commission’ (Article 3(1)). Article 11 of the regulation empowered the Commission to declare a Union or regional emergency if it deems member states’ energy infrastructure and contingency plans to be insufficient. Whilst Johnston (2011) notes that the Commission’s original proposals for the 2010 regulation were weakened during negotiations in the Council, the Commission now has a ‘co-ordinating role, some decision-making powers and on-going duty to monitor and report on gas supply security measures’. A commission interviewee commented on how the one year between tabling and adoption was ‘was very swift, and greatly influenced by the 2009 disruption, and not watered down much’ (Commission #7, 2013).

The Commission was also empowered to check and offer an opinion on member state energy infrastructure investments and intergovernmental energy agreements for ‘conformity with EU law and EU security of supply objectives’ (Commission, 2011b; EP and CoEU, 2012). This has already had the effect of altering gas contracts between Poland and Russia (Polskie Górnictwo Naftowe i Gazownictwo – (PGNiG) and Gazprom), amending the 2010 Poland–Russia Yamal pipeline contract to ensure third party access and the re-export of excess Russian gas.

Each DG has its own overlapping, but distinct, purview within the Council’s often general aims and direction (Dur et al., 2010: 615). DG Trade and DG Energy\(^{35}\) may frame the problem of reliance on Russian gas as risks in different ways: (a) inhibiting competition and reasonable prices, and (b) posing risks to gas supplies, but an interviewee from DG Energy explained that with regard to energy policy, ‘the

\(^{35}\) In 2010 Energy became a distinct DG, having previously been with Transport in DG TREN.
overlapping objectives are mutually reinforcing in terms of maintaining both priorities high on the agenda of EU and constituent members’ (Commission #1, 2010). The ‘regulation and promotion of an internal EU energy market was a natural corollary of the Commission’s existing single market competencies, and the Commission has increased its regulatory powers regarding the internal energy market it has promoted and successfully proposed the co-financing of’ (Maltby, 2013: 439). The case study chapters will address in particular the role of Poland in shaping the Energy Article and solidarity clause in the Lisbon Treaty and, where applicable, will briefly consider the role of the Council Presidency in energy policy-shaping.

4.2. Energy policy objectives

The first EU Strategic Energy Review (SER) (‘An Energy Policy for Europe’, Commission, 2007a), was endorsed by the European Council in March 2007, after the first major gas supply disruption a year before. The objective was to increase the EU’s energy security through internal actions; a reduction by 2020 in the Union’s energy consumption of 15 per cent and imports by 26 per cent compared to inaction (Commission, 2007b). The Second Strategic Energy Review (SSER) followed a year later, focusing more on the external dimension and highlighting the importance of ‘speaking with one voice’, ‘identifying [and constructing] infrastructure of major importance’, increasing energy efficiency, developing crisis response mechanisms and ‘acting coherently to deepen its partnerships with key energy suppliers, transit countries and consumers’ through an ‘EU Energy Security and Solidarity Action Plan’ (Commission, 2008c: 3). Several priorities were identified, including the development of a Baltic Interconnection Plan to eliminate the remaining energy islands in the EU, considered in chapter five.

Post-Lisbon, the need for a solidarity mechanism that went beyond a rhetorical commitment to a ‘spirit of solidarity’ was highlighted as a concern of most member states in 2008 (Commission, 2008d: 10) leading to a Commission objective that the ‘Community response would be a de facto solidarity action’. Whilst the Lisbon Treaty included no specific mechanisms, regulation or instruments to achieve this
aim, by 2008 objectives were set out by the Commission in the form of ‘defined actions’.

The SSER put projects to increase the Union’s external energy at the centre of the overall policy sphere. Whilst Lisbon had failed to develop the legal policy instruments to create a Community policy in the external dimension, several projects to diversify sources and transit routes have been started (see Figure 3). The Southern gas corridor is a series of projects including the EU’s Nabucco (West) pipeline, which is considered ‘one of the EU’s highest energy security priorities’ (Commission, 2008a). This is linked to the plan for a common EU gas ring, and will create energy links between the EU and the Caspian region (Commission, 2008a: 6).

Twelve countries, including Azerbaijan (though not Russia) concluded a European Neighbourhood Policy (ENP) Action Plan which included action on energy (Andoura et al., 2010). Azerbaijan is both a transit and producer country and the EU-Azerbaijan PCA entered into force in 1999, followed by the 2006 ENP Action Plan (Commission memo, 2006). The Action Plan included the objective of cooperation in the development of infrastructure to transit gas to the EU through the Baku-Tbilisi-Erzurum (South Caucasus) gas pipeline, linking with Nabucco (Commission, 2006c: 35). In September 2011, the Council mandated the Commission to negotiate a legally binding treaty on behalf of the EU, with Azerbaijan and Turkmenistan to build a Trans-Caspian gas pipeline system; ‘the first operational decision as part of a coordinated and united external energy strategy’ (Commission, 2011a). In December 2013, a British Petroleum (BP)-led consortium signed a deal expected to bring 16 bcm from 2019, through Turkey (Trans Anatolian Natural Gas Pipeline - TANAP) and the Trans Adriatic Pipeline (TAP) (BP, 2013), representing 3 per cent of predicted EU natural gas consumption in 2018 (Commission, 2013b).

The completion of the three main EU projects- South Stream, North Stream (completed) and Nabucco (West) / TAP - would reduce dependence on the Ukraine for transit from 80 per cent (412 bcm) to approximately 58 per cent (313 bcm). By 2020, EU demand will be approximately 540 bcm, and the main EU diversification projects of the EU - Nabucco (West) / TAP, North Stream and South Stream - would provide approximately 5.7 per cent, 5.2 per cent and 11.7 per cent of the EU’s demand respectively (Euractiv, 2010). In the case study chapters, the responses of
particular member states to these three EU gas diversification projects will be evaluated; assessing their attempts to influence their routing, funding and overall progress.

The use of Trans-European Energy Networks (TEN-E) has evolved post-enlargement, with the support from Structural and Cohesion Funds and European Investment Bank loans, as well as Commission appointed European coordinators of key projects to expedite progress and garner member state support (EP and CoEU, 2006; Commission, 2011a). It is an example of a degree of supranational network planning, funding and coordination support for key, internal, interconnector projects. In 2009, as part of the European Economic Programme for Recovery (EEPR) plan, €4 billion was allocated as co-financing for energy infrastructure (€2.4 billion for electricity and gas infrastructure projects) (EP and CoEU, 2009b), including €80 million to fund Poland’s first LNG terminal at Świnoujście to diversify gas supplies (Polskie, 2010), and support for being offered for the Baltic States’ LNG terminal, for which the decision regarding the destination of this has been delegated to the Commission (EurActiv, 2011).

These funding interventions are designed to act as leverage for private sector investment and member state co-financing, and to solve a fundamental problem; ‘due to existing financing patterns, market and regulatory failures, not all of the massive investment needed will be realised by the market alone’ (Commission, 2010e: 1). The TEN-E funding scheme remained grounded in the necessity to resort to market-based principles and financing, with EU funding ‘highly exceptional’ and restricted to instances of market failure (EP and CoEU, 2006). Yet investment has been expanded, and made less exceptional. The budget for TEN-E was €155 million for 2007 to 2013 (compared to €148 million for 2000 to 2006) for some 300 eligible projects. The 2014 to 2020 period includes a budget of €5.85 billion, a 3700 per cent increase in funding from the 2007 to 2013 period (Commission, 2013e).

In 2011, European Council Conclusions called for ‘enhanced coherence and coordination of EU external energy policy, ensuring inter alia that agreements with key supplier and transit countries are fully consistent with EU internal market legislation’ (European Council 2011c: 3). The Commission argued in its November 2010 Energy 2020 Strategy that ‘the energy challenge is one of the greatest tests
faced by Europe today. Rising energy prices and increasing dependence on energy imports jeopardise our security’ (Commission 2011c: 1), and proposed an intergovernmental energy agreement ‘information exchange mechanism’ (Commission, 2011b). A Council Decision followed in October 2012, with member states bound to share information on energy agreements with third countries, and able to request that the Commission assists with such negotiations (EP and CoEU, 2012).

4.3. An opportunity for newer member states?

This section considers how developments have provided an opportunity for NMS in agenda-setting, policy-making and policy implementation. In doing so it engages with this research’s conceptual framework, and hypotheses outlined in chapter one. The issues discussed in section 3 have led to a shift in the perception of socially constructed energy (in)security in EU member states, providing a policy window at the national and EU levels (H1). Member states are also likely to benefit from learning of both formal rules and informal norms of EU policy-making over time (H2), and to require the participation in and development of regional and strategic coalitions of member states in order to effect change and exert influence (H4). As noted in section 3.2, dependence on a single supplier can affect the political will (increasing and decreasing) to influence and implement EU policy (H3). Administrative capacity is also hypothesised to affect the ability to upload national energy policy to the EU level (H5).

A strategy of norm advocacy may have become more effective as a result of gas disputes and rising prices since 2006. These factors may have proved conducive to arguments being successfully made by actors with an intense interest in EU-Russia relations and energy security; norm leaders, advocating greater EU unity in energy policy (H1). Success however is also linked to diplomatic and rhetorical skills, as well as experience and awareness of appropriate norms, rules and behaviour in attempting preference projection at the EU level (H2). This will be examined in detail throughout the following case study chapters, evaluating the argument that energy security has become a priority since 2006, thus affording member states the
opportunity to shape policy developments at the EU level, and providing the catalyst for recognition of a shared political problem (Princen and Rhinard, 2006: 1122). Kingdon (2003) also argued that policy entrepreneurs exploit such events as ‘windows of opportunity’ within which to pursue their preferences, even though the extent of concern regarding an event and the parameters of proposed solutions inevitably varies between members. Section 3 highlighted why this policy window had opened. Policy change here is posited to be the result of a more gradual convergence around a proposed approach, amongst those working within the same policy area.

The Commission’s influence as a policy entrepreneur is increased in situations of, ‘member-state uncertainty regarding the problems and policies confronting them, and on the Commission’s acuity in identifying problems and policies which can rally the necessary consensus among member states in search of solutions to their policy problems’ (Pollack, 1996: 450-451). This chapter has outlined how this process has worked with regard to energy policy. Member states can utilise these alliances and effective policy entrepreneurship by the Commission to contribute towards a shift in political norms that can affect what is on the EU agenda (Kaunert, 2010: 185; also Stone Sweet and Sandholtz, 1997). As examined in section 4.1, the Commission’s role as a policy entrepreneur is derived from its formal role in energy decision-making, when proposing legislation to the Council and the European Parliament.

In the case of energy security policy development, as in trade policy (Littoz-Monnet, 2012: 519), officials in the Commission utilised ‘expert’ studies to establish knowledge-based authority. With regard to the internal dimension of energy policy an appeal to established supranational competence in the internal market could be made, as well as the history and established norms of market integration and harmonisation (Baumgartner, 2007: 485). Pollack (1997: 125) argues that a successful policy entrepreneur ‘propose[s], lobb[ies] for, and sell[s]’ a policy proposal as a solution to problems and Kingdon’s (2003) argument was that crises result in conditions that policy-makers interpret as requiring action, entering the problem stream. The 2006 disruption was a highly influential factor in post-2006 energy discussions in the Council and the Commission had pre-existing solutions in the policy stream, framed and proposed to be coupled to this policy ‘problem’. The
politics stream existed as there was a convergence between the preference of NMS regarding dependence on Russian gas and vulnerability to supply disruptions, and the concerns of older member states regarding the trend towards increasing gas imports and increasing prices. These concerns were reflected in societal opinion; nearly two-thirds of Europeans surveyed in 2007 supported EU, rather than national-level, solutions to energy-related issues (Eurobarometer, 2007).

The Commission can also be a useful partner in providing sufficient expert knowledge of the policy and policy-making process to contribute towards a ‘self-sustaining dynamic’ (Princen and Rhinard, 2006: 1122; Panke, 2010a: 803), entrenching an issue as a priority on the EU’s agenda and increasing EU activity and outputs in the policy area (even after the ‘high politics’ focus, at Council level, may shift away to new or other concerns). The Commission then has the potential to provide a channel of influence for member states through providing expertise, advocacy and leadership.

It has been argued that there is predisposition of smaller member states towards the EU; a mutually beneficial and reciprocal relationship which increases the Commission’s power base and aids its policy initiatives, relative to a more often confrontational relationship with the larger states, in return for offsetting more limited administrative capacity which could otherwise impede information-gathering ability, and comprehension of new and complex EU policies and policy-making rules and norms (Thorhallsson, 2006: 126; Bunse et al., 2005: 6; Katzenstein, 2003; Panke, 2010a: 803; Maltby, 2013: 436). The Commission has had a degree of success as a policy entrepreneur in the ‘coupling’ of policy, political and problem ‘streams’, and in doing so expanding its competences in the internal energy market, and to a lesser extent in the external dimension (Maltby, 2013: 441). An Energy NGO representative reflected on reasons for increased Commission competence in energy policy:

The Commission is a linchpin of continuity, which can dominate through its knowledge and expertise providing capacity, and the Lisbon Treaty provided it with a mandate for dealing with energy (senior EU NGA #2, 2010).
The Commission’s policy entrepreneurship and influence in policy-making when decision-making rules exclude it (such as in foreign policy and external energy security policy) is derived from familiarity with EU Treaties, and knowledge regarding the EU policy-making process, decision-making rules, and the EU policies themselves (Christiansen, 2002: 42). Interacting with the Commission can aid member states, as the Commission may be persuaded to take member state preferences into account, or at least to provide information regarding Council agendas and the policy positions of other actors, helping members prepare positions even in advance of Council debates of draft proposals (Panke, 2010a: 803). In conjunction with member state Permanent Representations in Brussels, this can aid coordination of national positions, further developing expertise of a policy issue and policy-making process and the development of (technically) informed arguments.

The Commission does not necessarily favour smaller member states (Thorhallson, 2000: 126; Bunse et al., 2005: 36-37), but is instead likely to support member state interests, and defend their preferences not simply based on the size of the state lobbying the institution, but when they fulfil certain criteria – namely when they are in a coalition with a ‘big’ member state, when they have been active prior to the formal presentation of a proposal, when networks within the Commission have been well-developed (especially between Permanent Representations and the Commission) and when a member state can offer particular technical expertise.

As extended arms of member state governments, Permanent Representations serve to promote national interests at the European level. At the interface between national and EU policy-making, they have a role to play in the process of uploading and downloading. In the uploading stage, missions have a remit of promoting and defending the national interest at the EU level. They are embedded, insiders in the process, affording knowledge of the norms, acceptable behaviour and general _acquis politique_. Being aware of the interests and strategies of other member states offers the opportunity to negotiate informally with other national actors and norms (and formally within Council Working Groups). They are able to act as gatekeepers of information for the national level and provide information and assistance in policy coordination and coalition building (Kassim, 2001: 34-6). This is key to hypothesis five, that administrative capacity is important for member states to be able to project
national preferences, and develop responses to EU policy. The empirical chapters examine how, and with what success, Poland, Bulgaria and Latvia have utilised various fora including their relationship with the Commission, for uploading their energy policy preferences.

5. Conclusion

This chapter has argued that energy security has been a concern since the formation of the ECSC, though this did not result in a coherent EU energy (security) policy. Yet events since 2004 led to energy security becoming considered an EU priority, offering a ‘window of opportunity’ (Kingdon, 2003) for the Commission and interested member states to further develop policy in the area. A series of factors have contributed towards energy security becoming a greater concern for the EU’s member states since the mid-2000s. These include: increasing energy demand, import dependence and competition for supplies, dependence on a single transit route and related gas supply disruptions in 2006 and 2009, Russia’s energy strategy and gas infrastructure investment, and increasing gas prices. The chapter discussed the EU’s definition of energy security, building on chapter one’s consideration of the construction of crisis and (in)security to explain that these factors, particularly increasing prices and gas supply disruptions in the context of EU enlargement, led to gas imports from Russia shifting from an interdependency that was mutually beneficial (Palonkorpi, 2007) towards a more problematic, negative and even threatening dependency. Within this context an opportunity has been available to successfully project, or upload, actor preferences, framed as solutions to this emergent problem.

Whilst energy policy became an EU priority, it is also claimed that the threat to security has been exaggerated (EU NGA #2, 2010) and over politicised (Commission #5, 2010). What is uncontested is that the EU’s institutions and member states are increasingly aware of, and concerned by, the actual and potential costs of dependence on undiversified gas sources and transit routes, and enlargement has resulted in more member states who are concerned with their vulnerability to supply disruptions and trade disputes with Russia. The chapter discussed how EU legislative
and policy developments have led to an increasingly supranationalised internal energy market policy, whilst external energy policy has remained largely intergovernmental. These developments have provided the opportunities for the NMS to shape agenda-setting, policy-making and policy-implementation; to upload national preferences to the EU level. Furthermore, the contemporary role of the Commission in EU energy policy and the institution’s relationship with (newer) member states.

The thesis will proceed to examine how energy ‘crises’ and energy security has been socially constructed in Bulgaria, Latvia and Poland, and how this has affected efforts and the degree of success in EU energy agenda-setting, policy-shaping and policy implementation. These case study chapters will consider how policy change has occurred, and why, examining how accession has provided opportunities for NMS. These chapters will examine specific EU energy security issues and their implementation, including focusing on Poland’s role in the PCA with Russia, the Lisbon Treaty and regional gas interconnection projects in chapter three. The case study of Bulgaria is considered in chapter four with respect to the regional gas interconnection projects and the two pipeline projects that comprise the Southern Gas Corridor project. Chapter five evaluates Latvia’s role in the BEMIP and regional gas interconnections and the response to North Stream.
CHAPTER THREE: THE CASE OF POLAND

1. Introduction

This chapter will argue that successive Polish governments have attempted since accession to upload national energy security preferences to the EU level by contributing towards a regional and Union consensus on the objectives of diversifying gas supplies, ‘communitarianising’ energy policy and developing an internal energy market. The argument made here is that Poland achieved a degree of success in these objectives, successfully positioning the country as a major regional and EU energy actor supporting the integration of regional energy markets within the Visegrád Group, coordinating with the Baltic countries (with the BEMIP) and as a central player in North-South Gas Interconnections proposal to link with South Eastern Europe. The EU has prioritised the development and financing of regional gas interconnections and infrastructure based on these groupings. Poland has also been successful in uploading the national preference for an energy security clause in the Lisbon Treaty, though this followed relative failures with regard to the North Stream gas pipeline project and a proposed European Energy Security Treaty (EEST).

This chapter builds upon the work of Copsey and Pomorska (2010), Pomorska (2007; 2011b), Kaminska (2007; 2008; 2013) and others working on the Europeanisation of foreign policies in CEE countries (in particular Poland). As noted in chapter one, the conception of Europeanisation used in this thesis is one in which it is a circular, and mutually constitutive process, in which the national and EU levels of member states continually and simultaneously influence and shape one another, in terms of policy, polity, norms and even identity. As a result, the research considers how Poland has been able to influence the agenda, policy outputs and policy implementation on EU energy issues.

This chapter will focus on two instances since accession in which Poland has attempted to upload its energy preferences to the EU and influence policy outcomes. The strategies used, obstacles faced, and degree of success will be analysed, with reference to the Europeanisation uploading framework. The extent to which the

36 Hereafter referred to as simply Poland.
hypotheses of this research are confirmed or refuted will be assessed in the conclusion of this chapter and in greater detail in chapter six, when Polish uploading strategies are compared to those of Latvia and Bulgaria. The main cases focused on here are: 1) Poland’s successful efforts to include a mutual solidarity energy clause in the Lisbon Treaty and subsequent EU policy and legislative documents, following the failure of the EEST proposal and; 2) the attempt to influence the routing of the North Stream gas pipeline, including vetoing the replacement for the EU-Russia PCA. This chapter also considers Poland’s post-Lisbon role as an energy actor. This empirical chapter will consider first the background to Polish foreign and energy security policy and relations with the EU and Russia.

The theoretical claims made in the existing literature form the basis of the thesis’ hypotheses (see chapter one) and state that (newer) member states’ influence derives from five factors: Perceptions of energy security\(^\text{37}\) (H\(_1\)); diplomatic skill (H\(_2\)); the role of Russia (H\(_3\)); regional alliances (H\(_4\)) and; administrative capacity (H\(_5\)).

The explanatory value of each of the five conceptually derived hypotheses, as well as the interlinkages between them, is considered in turn in sections 2.1 to 2.5. The chapter will conclude that Polish influence has been primarily a result of energy being a national priority. The level of dependence on a single source has not been of a level which could constrain policy choices, and, combined with less favourable relations with Russia (relative to Bulgaria and Latvia), this has contributed to a diplomatic focus on the issue. Poland has also been able, to an extent, to well utilise regional groupings to push for EU energy solidarity, as a representative of the NMS in the region. It will also be acknowledged that lack of administrative capacity and learning undermined uploading efforts.

1.1. Polish foreign and energy policy history

This section will briefly outline salient contemporary issues in Polish foreign, and energy, policy, to provide context for Poland’s post-accession energy policy uploading initiatives. Following Gorbachev’s 1989 statement regarding non-

\(^37\) Nuttall concluded in 2010 that ‘the politics of energy security which are driven as much by perceptions and emotion as by evidence and data’ (2010: 185).
intervention,\textsuperscript{38} Poland’s independence began with the 1989 Round Table talks, followed by democratic elections in June 1989, where Solidarity won 99/100 Senate seats and all of the Assembly seats it was permitted to contest (Harper, 2010). From 16 December 1991, when the Polish government signed the Europe Agreement with the EC, the country’s explicit objective was ‘to become a member of the Community’ (Europe Agreement, 1991).

The 1992 Poland-Russia Treaty asserted ‘the inviolability of borders, territorial integrity, non-interference with internal affairs and the nations’ right to self-determination’ (Law and Justice, 1992). Despite this, no Russian president visited Poland between 1993 and 2002, and the 1993 Russian Foreign policy concept and military doctrine included provisions on the ‘historical interests of Russia’ in the region and on the preservation of the region’s ‘friendly neutrality’ (Pełczyńska-Nałęcz, 2010: 42-46). As Zaborowski notes ‘Poland’s strategic culture is rooted in its geopolitical history [and] Poland’s position between Germany and Russia / the Soviet Union’ (2004: 9; also Vermeesch, 2010).\textsuperscript{39}

The collapse of the Soviet Union did not radically change successive Polish governments’ antipathy towards Russia, and the Russian-Polish relationship suffered as Poland took a pro-Western direction by applying for EU and North Atlantic Treaty Organization (NATO) membership in the early 1990s and adopted a ‘pro-Western political discourse… not always in conformity with the politics of the Kremlin’ (Neuman, 2010: 342). Membership of the two groupings was seen as an essential guarantee of the country’s independence and security. Vermeesch noted the cross-party consensus on this between 1991 and 2001, ‘with Polish independence largely seen as independence from Russia’ (2010: 511). Linked to section 2.3, the current Polish headline policy goal on Russia ‘is understood to be achieving ‘protection’ from Russia through solidarity with the other member states’ (Copsey, 2010: online) and ‘elite attitude [is] that Poland should be a major player, if not the major player, in the EU’s foreign policy towards Russia’ (Copsey and Haughton, 2009: 278).

\textsuperscript{38} ‘We have no right, moral or political right, to interfere in events’ (Gorbachev 1989 cited in Keller, 1989).

\textsuperscript{39} Amsden et al. noted that: ‘The Poles never forgot that they had been forcibly incorporated into the Russian empire at the end of the eighteenth century, or that they had fought against Russian domination in two uprisings in the nineteenth century as well as a war in 1920. Poland lost half of its state territory to the Soviet Union in 1939, while nearly two million Polish citizens were deported and tens of thousands murdered’ (1994: 162).
Poland has been keen to project itself as a major international security actor, contributing troops to conflicts in Kosovo, Afghanistan and Iraq where Poland had the third largest contingent (Zaborowski, 2004: 5). NATO membership was encouraged by the US. Defence Secretary Rumsfeld, who states that ‘[w]e see [Poland] as a regional leader in the alliance,’ (Rumsfeld, 2002) and President Bush, who stated that the country was ‘a bridge and a good example for Eastern and Southern neighbours’ (Bush cited in Zaborowski and Longhurst, 2003: 1011).

The road to EU membership started with a Europe Agreement in 1994 and the opening of accession negotiations in March 1998 (Polish Government, 2013). On 16 April 2003, with the signing of the Treaty of Accession, Poland achieved Active Observer Status and the right to participate in EU policy-making, an event that Pomorska asserts had ‘more significance for everyday practices than the formal accession of 1 May 2004’ (Pomorska, 2007: 39). A focus towards the EU was stated in the 2007 Polish National Security Strategy; ‘[m]embership in the European Union determines, to a significant extent, the foundations of Poland’s security...Poland’s security is increasingly becoming an integral part of [sic] EU’s security’ (Polish Government, 2007: 11). Despite increasing space for Eurosceptic parties in Poland, there remained to a large extent a pro-EU consensus amongst the political elite (Rupnik, 2007: 18; Vachudova and Hooghe, 2009; Eurobarometer 2008; 2009; 2010).

1.2. Polish energy actors and brief background to Poland’s energy mix

Relevant energy actors in Poland include the state-owned gas company, Polskie Górnictwo Naftowe i Gazownictwo (PGNiG), which has the dominant position in both upstream and downstream gas sectors, with a virtual monopoly on gas imports. PGNiG is the major domestic gas producer (98 per cent of domestic production) and is also the owner-operator of underground gas storage (until 2035) (IEA, 2011). The Energy Department of the Polish Ministry of Economy (PME) is in charge of the country’s energy policy, and the Polish Energy Law obliges the Polish Government to publish an Energy Strategy every four years, which details the latest developed by the PME, and was adopted by the Polish Council of Ministers in November 2009.
The government’s policy at this time was to pursue diversification of gas supply sources as a key strategic objective (PME, 2009), reflecting the EU’s energy strategy (Commission, 2006a). According to Cohen et al.’s energy diversification index, Poland made significant progress in diversifying its natural gas supplies between 1995 and 2007, and was considered to have ‘medium vulnerability’ (compared to the high vulnerability of its Visegrád (V4) partners) (Cohen et al., 2011). Poland occupies a position as an extremely important transit country for Central and Western Europe: the Druzhba (Friendship) oil Pipeline and the Yamal gas Pipeline transit Russian energy resources through Poland. Furthermore, planned and recently completed gas interconnections with neighbouring states will increase the country's role as an energy hub.

2. Testing the hypotheses

The chapter now proceeds to empirically test the conceptually derived hypotheses in the case of Poland. In doing so, the focus is on several cases in which the Polish government attempted to upload national preferences to EU energy agenda-shaping, policy-making and policy implementation. These are the North Stream gas pipeline, the EEST and later Energy Article in the Lisbon Treaty, and post-Lisbon Central-Eastern European regional energy policy. The five factors which are hypothesised to affect influence on EU energy policy are now tested in the following order: 2.1. Policy window(s) and changing perceptions of energy security; 2.2. diplomatic skill, learning, and initiatives; 2.3. the role of Russia; 2.4. regional alliances and; 2.5. administrative capacity.

2.1. The perception of energy (in)security in Poland – real but exaggerated

This section will consider the post-accession perception of energy (in)security in Poland, a policy which became a national priority, but one which reflected a shift in the perception of dependence on Russian energy imports. This section highlights how several factors have contributed to this shift. There have been two gas supply

---

disruptions since Poland’s EU accession and these have occurred within the context of increasing gas import dependence and rising gas prices. There has also been a strategic prioritisation of energy policy as a national priority, one in which the country has attempted to establish itself as a regional and EU expert and leader (this is also examined in section 2.2).

Poland does not pay the premium of other NMS for Russian natural gas. The price in quarter two of 2013 at 28.8 €/MWh is only marginally more than Germany at 28.3 €/MWh. In comparison, Latvia paid 34.2 €/MWh, and Bulgaria 32.9 €/MWh (Commission, 2013h). 41 Germany and Poland have far more competitive and diversified gas markets than Latvia and Bulgaria. For example, since 2012 Poland’s import capacity from Germany has been approximately 1.5 bcm p.a. (Zlateva, 2013), and from the end of 2012 a gas interconnector with the Czech Republic was completed with a capacity of 0.5 bcm p.a. (Commission, 2012g).

However, Poland has not been sheltered from the dramatic rise in the price of natural gas within Europe. Retail gas prices in Poland have doubled between 2004 and 2013 (Eurostat, 2013).

In 2012, at 30.7 per cent Poland’s energy import dependence was well below the EU average of 53.3 per cent (Eurostat, 2014). However, this dependence has increased from 13.1 per cent in 2003 (Eurostat, 2014) and by 2020 gas demand compared to 2010 is forecast to increase by 18 per cent and by 43 per cent in 2030 (from 14.1 bcm in 2010 to 20.2 bcm in 2030) (PME, 2009). 42 73.8 per cent of gas consumed in Poland was imported in 2011, compared to 66.6 per cent in 2003 (Eurostat, 2014). Further evaluation of the implications of these changes for the relationship with Russia will be conducted in section 2.3.

41 ‘Border prices are estimations of prices of piped gas imports paid at the border, based on information collected by customs agencies, and is deemed to be representative of long-term oil-indexed gas contracts’, however the figures for Poland are ‘net of transmission charges’ (Commission, 2013h).

42 Though efforts to diversify gas supplies include potential domestic shale gas deposits could provide a significant percentage of Polish energy demand from 2020, with reserves estimated at between 1.4 (IEA, 2011) and 5.3 trillion square meters (Warsaw Business Journal, 2011). The Polish Council of Ministers also voted in 2008 to develop an LNG terminal at Świnoujście (CER, 2008). EU co-funding support was secured, and in 2009 Poland signed a €390 million contract with Qatargas to receive 1.5 bcm p.a. for 20 years from 2014 (Kucharska, 2009). Also, the first domestic nuclear power plant is forecast to be operational by 2020).
De Jong and van der Linder claim that Poland (and the Baltic countries) strongly oppose intensifying energy relations with Russia, but that ‘the security discussion is more important than the energy discussion…they use the energy discussion to further their security concerns’ (2008: 9). As will be further considered in section 2.3, national security concerns in Poland are derived from the country’s history and location between Russia/the Soviet Union and Germany (Copsey, 2010; Copsey and Haughton, 2009; Vermeesch, 2010; Zaborowski, 2004; senior Commission #1, 2013). Samson (2010: 102) also discussed the historical burden of Poland’s relations with Russia, undermining normalisation and trust in the contemporary economic and political relationship, but also acting as an incentive for Polish activism in EU and regional energy relations with Russia.

The 2006 gas supply disruption, discussed in chapter two, resulted in a 38.5 per cent drop in Polish gas imports (Aalto, 2006: 38), however the overall impact could be considered modest at the EU level, where ‘gas supplies to were restored after one day of disruptions’ (Commission, 2009d: 3). The 2007 Polish National Security Strategy demonstrates the impact of the January 2006 gas supply disruption on Polish policy, with energy becoming the highest national security priority; ‘[t]he dependence of Polish economy on supplies of energy resources – crude oil and natural gas – from one source is the greatest external threat to our security’ (Polish Government, 2007: emphasis added). The price and level of dependency on energy imports cannot on its own explain this. Geopolitical factors are key (Świątkiewicz-Mośny and Wagner, 2012: 389) and these are assessed in section 2.3 in particular. The effect of the 2009 Russia-Ukraine dispute was a 33 per cent decrease in gas supplies for Poland (Pirani et al., 2009). This disruption was more severe for the EU, with an average drop of 20 per cent of gas supplies (Commission, 2009d).

It is important to note, however, that energy security was not always considered a national security issue, or a foreign policy priority. There was no mention of energy security in 2002, 2003 or 2004 as part of the Minister of Foreign Affairs annual addresses (Cimoszewicz, 2002; Cimoszewicz, 2003; Cimoszewicz, 2004). In 2005, the Foreign Minister concluded that ‘the horizon is fortunately clear of any threats to our security’ (Rotfield, 2005). A history of stable supplies combined with relatively low energy dependence explains why the national security strategy of 2003 (Polish
Government, 2003) did not include energy as one of the most important national security priorities.

Following the 2006 gas supply disruption there was a clear shift in Polish foreign policy, with Foreign Minister Fotyga stating that ‘one of the greatest challenges facing Polish foreign policy is assurance of the country’s energy security’ (Fotyga, 2007). In 2008, the foreign Minister’s Annual statement included the following: ‘Particularly important for us is energy security. Where energy becomes an instrument, and even a weapon in international politics, it ceases to be an economic issue, but a matter of national security’ (Sikorski, 2008). Sikorski in 2009 discussed how ‘the recent gas crisis made us realize again that fuels are used for the attainment of political goals’ (Sikorski, 2009).

The 2009 Energy Strategy identified ‘serious challenges’, including ‘significant dependence on external supplies of natural gas’ (PME, 2009: 4) and the objective of ‘ensuring Poland’s energy security through diversification of sources and directions of natural gas supplies’ (PME, 2009: 10). By 2010, Polish Foreign Minister Sikorski stated that Polish and European security was affected by ‘energy crises’ (Sikorski, 2010), related to ‘Russia’s occasional toying with energy as a political lever’ (Sikorski, 2011b), and that there was ‘the spectre of energy-related blackmail’, which could be addressed through diversification and ‘implementing a competitive energy market’ (Sikorski, 2012).

2.1.2. Polish energy security, to be pursued through and within the EU

In the 2000s the Polish position on the use of Union structures, such as European Security and Defence Policy (ESDP) and CFSP, changed to one of support on the basis that it furthered national security objectives. Solidarity clauses were a key aspect of this reorientation of Polish foreign, and later energy, policy. The mutual defence (solidarity) clause, discussed in 2003 and introduced in the Lisbon Treaty in 2007, replicated provisions found in Western European Union (WEU) and NATO (Myrdal and Rhinard, 2010). Poland initially objected to the clause, on the basis that

43 In the field of security and defence, Article 42 (7) is the ‘mutual defence clause’ and Article 222 the ‘solidarity clause’ (TEU, 2010).
enhanced cooperation may be too exclusive, but became an enthusiastic supporter of solidarity mechanisms in security and defence (Zaborowski, 2004: 20). In the field of energy, developing this at the EU level became a national security strategy objective, moving beyond rhetoric to provide specific solidarity mechanisms to increase Polish and EU energy and national security, ‘[a] task that Poland regards as being particularly important is to agree upon solidarity mechanisms of energy security within the framework of the European Union’ (Polish Government, 2007). This preference was clear in both the negotiations for the Lisbon Treaty, and the Polish proposal for a EEST in 2006, considered in section 2.2.

By 2003, Polish opposition to ESDP had transformed to broad support for a mutual defence (solidarity) clause and the recognition that the EU provided an additional avenue to pursue foreign policy preferences (Schmidt-Felzmann, 2008: 171). Poland’s 2003 National Security Strategy committed the country to the principles of CFSP, ‘as an opportunity to amplify our voice in international policy within the scope of common activities by the Union’ (Polish Government, 2003), and Poland in the same year ‘received praise for its reasonable and bold language [and] its holistic approach to security’ (Zaborowski, 2004: 20). By the time of accession solidarity in security policy, and applied to energy, became a key national priority (discussed in detail later). One interviewee stated that ‘[s]olidarity, independence and security’ constituted the ‘Polish ideas, slogan and vocabulary’ that have resonated within the EU (Polish NGA #4, 2011).

The use of the term ‘solidarity’ in the discourse of the Union was not new, enshrined as it is in the Treaty of Rome of 1957 (‘intending to confirm the solidarity which binds Europe and the overseas countries’). It was also a Commission energy priority in 2002 (Commission, 2002a).44 As will be discussed in section 2.2, Polish-led attempts to introduce this as a key part of the EEST in 2006 failed. After this setback in 2006, Poland succeeded with the Lisbon Treaty, aided by a receptive Commission. Commission President Barroso claimed in 2005 that; ‘[s]olidarity ties us Europeans together… There is no real freedom without solidarity, as Solidarność famously proclaimed…. It is a crucial element in the ensuring that Europe is more than just the

---

44 ‘A coordinated response by all member states, acting in a spirit of solidarity, is the only means of finding effective solutions which will guarantee an adequate level as regards safety, security and the prevention of serious crises and accidents’ (Commission, 2002a: 12).
sum of its members’ interests’ (Barroso, 2005; see also chapter 2).

2.1.3. Conclusion

As argued in chapter two, energy price increases, import dependence increases and gas supply disruptions in 2006 and 2009 created a ‘policy window’ (Kingdon, 2003: 204), exploited by the Commission and a group of member states that included Poland. Polish initiatives were created within this context and in relation to historically derived antipathy towards Russia and pre-existing objectives for Poland within the EU to be a leader on EU-Russian affairs. This was a major factor in Poland’s energy policy initiatives finding a more receptive audience, including in the new Energy Article and ‘energy solidarity’ in the Lisbon Treaty, and subsequent legislation and policy.

2.2. Diplomatic skill and credibility as an energy policy actor

This section analyses Polish uploading initiatives, and examines examples of diplomatic skill and learning to ‘play the EU game’. This includes activism in Council summits and at lower, technocratic level(s), and learning to engage effectively within the formal and informal norms of policy-making at the EU level. It will be shown that there has been a clear change in Poland’s diplomatic style and strategies, particularly between the immediate post-accession Law and Justice led governments (2005-2007) and the period after.

2.2.1. Polish initiatives

One of Poland’s first high profile attempts to pro-actively influence the development of EU energy security policy was a 2006 proposal for a EEST, presented as a non-paper at the meeting of the Transport, Telecommunications and Energy (TTE) Council on 14 March 2006 (CoEU, 2006c). In excluding Russia from the criteria of participation, the Treaty was a reaction to the perceived threat of dependence on Russian energy supplies in the immediate aftermath of the January gas supply
disruption. The stated objective was to guard against ‘potential political pressure exerted with the use of energy instruments’ (CoEU, 2006c: 2) and to ‘enhance the internal cohesion and solidarity’ (CoEU, 2006c: 4) through a solidarity clause with a mechanism based on the guarantee supplied by NATO (though excluding the use of armed forces). The objective was to then develop this into a solidarity mechanism within the Lisbon Treaty.45

The EEST was intended to be introduced at the spring economic summit in late March 2006 and Prime Minister Marcinkiewicz referred to the gas supply disruption of January 2006 in a letter in February 2006 to all EU and NATO member states:

The shortages provided tangible evidence of institutional weakness in European energy security structures…it is essential that the treaty contains a clearly and firmly stated guarantee clause based on the ‘musketeer principle’: ‘All for one - one for all’ …[an] expression of solidarity of its parties linking them in the face of an energy threat… [and] political decisions of suppliers (Marcinkiewicz, 2006).

The proposal was rushed through following the gas supply disruption earlier in the month, and was backed with insufficient diplomatic groundwork. The Commission, a major actor in EU energy policy, considered that ‘the concerns of the Polish authorities’ had already been considered in the forthcoming Green Paper on Energy (Commission, 2006a); which included an alternative proposal for a common external energy policy and a solidarity mechanism (CoEU, 2006b). Taylor (2006) claimed that EU officials were generally unsupportive and that support did not extend beyond Visegrád Group (V4) and Baltic countries. Beyond the short (four page) proposal, the main strategy was for Polish actors to appeal for solidarity in the press and in private.

The Polish Ministry of Foreign Affair’s Pawel Swieboda, appealed to the perception of Russia as unreliable (Dempsey and Billetske, 2006), and Polish President Lech Kaczyński, engaged in shuttle diplomacy with the French, Czech and US Presidents and the Secretary General of NATO (President of Poland, 2006). On 27 February

---

45 ‘Treaty commitments should contain a clause with the Parties undertaking that a threat to the energy security of one of them will be considered a threat to the energy security of all of them’ (CoEU, 2006c: 4).
Warsaw attempted to place the EEST onto the March 2006 Energy Council agenda. The idea was rejected by both the Austrian Minister of Economics and Labour, Bartenstein, and German Foreign Minister Steinmeier (neither country was part of the diplomatic lobbying of capitals above); both stressed interdependence and cooperation with Russia, rather than confrontation and isolation of the supplier state (Roth, 2011: 613).

Questions were also raised regarding whether the proposal was technically feasible; whether the EU was capable, as an importer, of providing an effective ‘mutual guarantee’ defence clause. Rettman (2006) cited a German diplomat as stating that this was the most ‘radical and at the same time political method of solving energy supply problems’. Dempsey (2006) concluded that diplomatic efforts were largely ineffectual, citing German officials who stated that Russia ‘could not be marginalized over an issue as crucial as energy security’. By the eve of the Summit the proposal had been dropped, lacking support from the Commission or more than a narrow set of (regional) partners (Dempsey and Bilefsky, 2006).

Commission President Barroso highlighted unease with the Polish initiative by stating that in the energy sector, the EU should refuse ‘any kind of nationalism’ (Dempsey, 2006: online), evidence that regardless of the merits of the proposal Poland had not, in early 2006, learnt how to effectively present national proposals as converging with the interests of the EU as a whole. Whilst the Polish proposal was undermined by a lack of diplomatic effort and nous, national coherence of strategy was also lacking in this case. The initiative lacked support from the Polish Ministry of Foreign Affairs (PMFA) that wished to keep any treaty within the EU, with no NATO overlap (Roth, 2011: 611). This was symptomatic, according to a Polish NGA interviewee, of a ‘lack of accountability and transparency in the government when it comes to policy-making’, and a ‘remaining (though declining) tendency to concentrate decision-making with elites, without experts and without inter-ministerial cooperation’ (Polish NGA #4, 2011).

A parallel strategy to the Poland ‘NATO energy security’ proposal was Komorowski’s (a member of the Parliamentary Committee on Foreign Affairs at the time) push for the insertion of ‘solidarity’ in the spring Council Conclusions (Rettman, 2006) and the inclusion of ‘solidarity mechanisms in the event of supply
crisis’ in the earlier Energy Council conclusions. The latter effort was a failure, with the Energy Council mentioning only ‘coordination mechanisms’ (CoEU, 2006a), but two weeks later the European Council conclusions matched the preference of Poland (and the Visegrád Group\textsuperscript{46} and Baltic countries), in mentioning, ‘[c]onsuring common operational approaches to address crisis situations in a spirit of Solidarity’ (CoEU, 2006b: 46a, p.14). This was significant as it provided a foundation for a legally binding EU (constitutional) Treaty, extending the Union’s solidarity clause to cover energy policy.

A Polish think tank concluded that broadening the solidarity clause was the ‘most important element’ of ‘member states’ actual security’ (Natolin European Centre, 2007: 6). This objective was adopted by the Civic Platform party that led the Polish government from October 2007, prior to the signing of the Lisbon Treaty in December 2007 (Cichocki, 2007: 57). Prime Minister Tusk stated in the same year that ‘[t]he most important element of economic security is energy security… from our EU partners we expect full understanding of Polish and regional terms of energy security’ (Tusk, 2007: online).

In May 2006, Energy Commissioner Piebalgs explicitly thanked the ‘contributions and the interest in this matter by Poland’ (Piebalgs, 2006), regarding proposals for strategic mechanisms and solidarity necessary in extreme conditions. Article 194 of the Lisbon Treaty (negotiated at the June 2007 summit) included a commitment to energy policy being developed with ‘a spirit of solidarity between member states’ and Article 122 of the TFEU (2007) allows the Council to enact measures in ‘a spirit of solidarity’ if severe difficulties of supply arise within the energy sector. This reference to solidarity in energy was included as a direct concession to Poland (Bonde, 2011). Less specific references to the energy security clause were included than Poland had initially demanded (Youngs, 2009: 26), as it was an ‘interpretative, rather than legally binding, commitment’ (Konstadinides, 2011). It did, however, reflect the principles of the Polish 2006 EEST proposal regarding collective action in response to any energy supply disruption.

An energy proposal from Prime Minister Tusk in 2008 was modified from Marcinkiewicz’s EEST in 2006, but there was a degree of continuity between the

\textsuperscript{46} Czech Republic, Hungary, Poland, Slovakia (V4, 2013).
two, despite the change of governments. Though it specifically related to Polish national security, (the solidarity clause could be activated even if only Polish gas supplies were affected within the EU), Poland framed this as a Union, and regional, priority, in keeping with the Lisbon Treaty’s ‘spirit of solidarity’ in energy matters (Lisbon, Article 194). This was a demand of the Polish government that was present since preliminary negotiations regarding a solidarity clause in November 2007 (CoEU, 2007: relating to Article 5a). By November 2008 the Commission had produced the ‘EU Energy Security and Solidarity Plan’ (Commission, 2008c) and Polish demands regarding the solidarity clause were adopted in the Third Energy Package’s Gas Directive\(^{47}\) (EP and CoEU 2009a), demonstrating a convergence of national and EU objectives. Poland also achieved a minor success in 2011 when, supported by Visegrad Group member Hungary, the European Economic and Social Committee (EESC) recommended appointing a high representative for energy to enhance solidarity (EESC, 2011), although this recommendation was not implemented.

Tusk’s proposal also successfully sought to enforce obligatory minimum levels of gas reserves for all member states and the 2010 Regulation on the Security of Gas Supplies (EP and CoEU, 2010) included provisions for gas infrastructure, emergency supplies and the internal market, which all included reference Lisbon’s ‘spirit of solidarity’. Poland was key here in inserting a clause referring implicitly to Russia; ‘control by a person or persons from third countries will not put at risk the security of energy supply to the Community’ (Commission email, 2011).

In this period Poland received the ‘biggest-ever operational programme in the whole of the European Union, for the 2007-2013 period’ (within the framework of the ‘Convergence' objective, co-funded by the Cohesion Fund and the European Regional Development Fund (ERDF)). The €37.56 billion budget included €22.18 billion from the Cohesion Fund and €5.74 billion from the ERDF. For Poland, the sum reserved for ‘[e]nergy security, including diversification of energy sources’ was €974.3 million from the EU, matched by €719 million from the Polish national

\(^{47}\)Regional solidarity: ‘1. In order to safeguard a secure supply on the internal market in natural gas, Member States shall cooperate in order to promote regional and bilateral solidarity. 2. Such cooperation shall cover situations resulting or likely to result in the short term in a severe disruption of supply affecting a Member State’ (EP and CoEU, 2009a: Article 6).
2.2.2. Diplomatic skill

Copsey and Haughton (2009: 279) found that ‘[f]requent reference was made between 2004 and 2008 to the defence of Poland’s ‘national interests’ in the EU and the Gaullist example of how best to engage with Europe’s institutions and member states touted as a model for Poland to emulate’. A perception that Poland’s aggressive stance within Europe was damaging for the national interest was partly responsible for the victory in 2007 (and again in 2011) of the Liberal-Conservative Civic Platform party, which formed a coalition government with the Polish Peasant Party (Polskie Stronnictwo Ludowe: PSL) (Harper, 2010). As a Commission interviewee summarised, ‘Poland were quite aggressive, [which] was counterproductive...it was not really appreciated. Poland has a very specific position in this respect, and this needs to be recognised. But the way that they argued, the way that they insisted on some points to certain provisions, to certain strategies, was not really helpful’ (Commission #2, 2010). This was also acknowledged within the Polish government, that energy policy was characterised by a ‘defensive posture and default position of analysing whether Poland should oppose issues and policies rather than being proactive’ (Polish official #3, 2011).

Overall, particularly between 2005 and 2007 the Law and Justice-led government ‘lacked a coherent and co-ordinated approach to EU policy… characterised by a series of unsuccessful and ill-thought-through initiatives and unprepared statements’ (Szczerbiak, 2011: 18; also Kaminska, 2013: 27). This was perceived within the Commission and EU generally as Poland conducting aggressive diplomacy and possessing reflexive anti-Russia policies (Commission #2, 2010; Commission #5, 2010). This was in contrast to adopting the informal norms of EU negotiations, including consensus building (Pomorska, 2011b: 170). This ‘[t]ough

---

48 Poland is also in the process of almost doubling its underground gas storage capacity to approximately 3.3 bcm (PGNiG, 2014), with the largest project, Wierzchowice, receiving nearly 60 per cent of its €256 million cost from the ERDF (Commission, 2013d).
49 An example was the Polish ‘preliminary position’ on the internal gas market directive included nine spelling mistakes, plus several grammatical mistakes, in 269 words, undermining attempts to project expertise (CoEU, 2007).
defence of Polish interests’ (Polish NGA #2, 2011) was combined with a ‘lack of awareness of the importance of both economics and geostrategic politics’ (Polish NGA #1, 2011). This was typified by the comparison by Prime Minister J. Kaczyński of the Russian-German North Stream gas pipeline plans to the 1939 Molotov-Ribbentrop pact, eliciting a rebuke from the Commission that such comments were ‘unhelpful’ (RFERL, 2006) and considered by Vermeesch ‘a tactical gesture that was widely interpreted as anti-European’ (Vermeesch, 2010: 512). This was combined with a threat to block the Treaty due to a dispute regarding reform to the Council voting system. Hans-Gert Pöttering, president of the European Parliament stated ‘[i]f you are against almost everyone you isolate yourself and put yourself out of solidarity of the EU’ (Pöttering cited in Parker, 2007: online).

The Polish government attempted to increase its bargaining position on energy issues with Russia, by using the Council veto on a new framework agreement between the EU and Russia. Though the veto was ostensibly the result of a dispute over a Russian ban on Polish meat exports, energy soon became tied to progress on negotiations. As Prime Minister J. Kaczyński stated ‘a Poland belonging to the six mightiest countries in Europe and having good relations with the United States - Russians will simply have to take this Poland seriously’ (cited in Torbakov 2005). A deterioration in Polish-Russian relations resulted in the November 2005 Russian ban on meat imports and plant imports (Roth, 2009), and Poland linked energy to the dispute, insisting in the run up to the EU Helsinki summit in November 2006 that replacing the EU’s PCA with Russia51 was contingent on Russia’s ratification of the ECT. This aspect was a failure for Poland, with Russia subsequently changing their stance from non-ratification of the ECT to formal withdrawal in 2009 (Aalto, 2008: 39).

From the beginning of the dispute with Russia, Poland appealed for EU solidarity in energy matters, ‘[t]hat is the crux of the matter: is Poland to be treated by Russia as a member of the European Union?’ (J. Kaczyński cited in Cienski and Parker, 2006). In an attempt to move the issue from a trade issue to the EU-Russia pact and energy

50 ‘We are astonished that Germany would do something which doesn’t benefit the consumers and whose geopolitical objective is to be able to cut off Belarus and Poland without cutting off Germany…Poland has a particular sensitivity to corridors and deals above our head…that was the Molotov-Ribbentrop tradition’ (J. Kaczyński, cited in Beunderman, 2006).

51 Renewed every year from 2007 until a new Framework Agreement is concluded (Commission, 2003).
security, President Lech Kaczynski alluded to Russian revanchism - ‘I do not want to create the impression that Poland or Europe is under [military] threat, it is not [but] there are different forms of expansion. And one of them is energy...we want to preserve our own energy system in our own hands’ (L. Kaczynski cited in Cienski and Wagstyl, 2006).

With regard to the PCA veto in 2006, Polish executive actions may have been perceived as an opportunity to assert influence as a NMS. After exclusion from the Energy Dialogue and negotiations over the 1997 EU-Russia PCA, the new framework agreement negotiations provided the first substantial opportunity for Poland to shape EU-Russia relations. This was an attempt to position the country as a regional political and energy leader and to counterbalance Russian influence and build solidarity around the Polish energy and security preferences (Copsey, 2009), taking advantage of the January 2006 supply disruption, which Schmidt-Felzmann claimed provided an opportunity for ‘unprecedented leverage’ (2008: 177).

The message of the assertive veto may have been permitted by a low energy dependency on Russia, yet the PCA veto demonstrated a lack of awareness, or consideration, of norms of decision-making, a possible lack of learning of the 'rules of the game' (see section 2.2). Poland also ‘had relatively little time to learn the multi-layered and complicated negotiation games of Brussels’ corridors [and] to understand the interplay of different actors in the EU, mainly the Commission, the Council and the member states’ (Kaminska, 2010). President Lech Kazcynski stated immediately prior to the veto that ‘we cannot accept the idea that Poland's role is basically signing up to the priorities of other countries because we have our own interests’ (L. Kaczynsiki cited in Cienski and Wagstyl, 2006). Slapin concluded that in general, ‘veto rights grant more bargaining leeway to governments in intergovernmental negotiations than economic size or other resources would suggest’ (Slapin, 2007). However, the use of it can undermine a reputation ‘as a reliable and communautaire partner’52 (Copsey and Haughton, 2009: 279). 53

52 The EU Commissioner for External Relations, Benita Ferrero-Waldner, noted that ‘we all called on Poland many times to change its position’ (cited in Gazeta Wyborcza, 2006) and Germany's deputy foreign minister, Gernot Erler stated that the ‘Warsaw government is not doing itself any favors with this veto...It is isolating Poland within the European Union’ (Erler cited in Deutsche Welle, 2006b).
There appears to have been little strategic planning in advance of the utilisation of the veto. The Commission was not informed in advance and Kaminska (2010: 77) also claims that the Commission was unaware of the Polish plan to use the veto. The decision was opposed by the Polish Permanent Representation, but the institution was without an ambassador at the time. It is argued that the use of the veto was a relatively ad-hoc and unplanned decision that left European partners, the Commission and Polish actors surprised (Polish NGA #2, 2011; Kaminska, 2010).

2.2.3. Positioning actors

One Polish government interviewee argued that the success of Polish uploading in multiple EU fora since, and including, the Lisbon Treaty has been enhanced by the successful positioning of Polish actors in influential positions, such as EP president Buzek and Member of European Parliament (MEP) Saryusz-Wolski as the Parliament's rapporteur for the Security of Gas Supply (senior Polish official #2, 2011). Saryusz-Wolski was well respected as a former chair of the Foreign Affairs committee, with expertise in European and energy affairs, ‘[a] dominant figure, successfully coordinating the Polish’ (Commission #2, 2010; Zubek, 2005). His delegation had ‘9 or 10 MEPs and some 12 or 15 assistants’, a large group in the Parliament. A special temporary gas task-force was set up, ‘networking all the time’, and the committee was key in bargaining between the Council and the Parliament, resulting in the security of gas supply Regulation (EP and CoEU, 2010). Though this was less ambitious than Parliament and Polish objectives, with ‘less emphasis on the external dimension than was hoped for’, it was considered a ‘step in the right direction’ (senior Polish official #1, 2010).

To an extent, Saryusz-Wolski's committee was successful in offsetting the reputation of 'quite aggressive' Polish behaviour in the Council, established in the 2005 to 2007 Law and Justice led period (Commission #2, 2010), though some of the rhetoric of both Buzek and Saryusz-Wolski was also considered to utilise ‘damaging dialogue’ (senior EU NGA #1). The committee's report was presented to the Industry, Research

---

Kaminska argued that this veto and a ‘threat to veto an agreement on a new voting method in the Council and its proposal of the square root method of voting…this strategy of vetoing rather than compromising constrained Poland’s ability to influence EU decision-making’ (2013: 30-31).
and Energy Committee in July 2009. After agreement with the Council at first reading, it was adopted with unanimous support in the Committee (EP, 2010).

In 2013, a Commission interviewee commented that Poland represented ‘a good example of how a NMS can become active and influential’ in the European Parliament, the Council and with the Commission (including in the Gas Coordination Group), with the country no longer considered to be characterised by aggressive diplomacy at odds with EU norms of policy-making (Commission #7, 2013). Copsey and Pomorska argued that ‘the Poles learned to tone down their rhetoric and to put forward modest proposals that are harder for the other member states to oppose without seeming unreasonable’ (Copsey and Pomorska, 2014: 439), utilising more effective framing of arguments. Within the European Parliament Polish MEPs Szymański and (Bogdan Kazimierz) Marcinkiewicz were ‘influential with their amendments, the Polish position, in the Parliament on the [2010] Security of Gas Supply Regulation’ (Commission #7, 2013).

2.2.4. Communitarianised energy rhetoric, national energy policy?

Examples of Polish government claims to desire communitarisation of external relations in energy are numerous as the following Minister of Foreign Affairs annual addresses demonstrate: ‘we want Poland’s initiatives to be attuned to the future energy policy of the European Union’ (Fotyga, 2007); ‘as regards energy security, Europe speaks now the language of Poland’ (Sikorski, 2009); and ‘we are seeking to strengthen the communal character of energy policy’ (Sikorski, 2010). Despite these claims, the background to contemporary Polish-Russian gas relations includes a 2010 long-term bilateral gas contract (Pełczyńska-Nałęcz, 2010: 61), which indicates national, not EU energy security remains the priority. Overall, a lack of continuity has characterised Poland's energy strategy, particularly regarding diversification objectives. With no history of a government winning a second term in office until Civic Platform (PO)’s election victory in 2011, energy policy has changed often - in 2001 the Solidarity Electoral Action/Freedom Union (AWS/UW) coalition government signed a preliminary gas agreement with Norway to import 5 bcm p.a. from 2012. The post-communist coalition government cancelled this, before Law and Justice prioritised the deal and the centre-right PO/PSL coalition government
again cancelled it (Pełczyńska-Nałęcz, 2010: 61).

The Polish push for energy solidarity norm leadership has been undermined by the failure to transpose single market rules relating to competition in the gas sector (Piebalgs, 2006). The Commission opened infringement procedures against Poland in June 2009 for violating both the Electricity and Gas Regulations and Directives (Commission, 2010c), in direct opposition to the stated Polish energy strategy of increasing the EU’s energy security by ensuring gas pipelines could operate in reverse flow (PolskieRadio, 2009b). A bill amending the Polish Energy Law and implementing the EU’s Third Energy Package was filed at the end of October 2012 to avoid Court of Justice of the EU (CJEU) proceedings (Baehr et al., 2013: 277). This followed a June 2012 Commission reasoned opinion to Poland to urging compliance with the legal obligation to transpose the Gas Directive (a May 2012 reasoned opinion also addressed the Electricity Directive). The Commission referred Poland to the CJEU in November 2012, proposing a daily fine of €88,819, equivalent to €32.4 million p.a. (Commission, 2012e).

It is likely that such violations undermine arguments with regional and strategic partners about the need for solidarity mechanisms, and the successful positioning of Poland as an expert and regional and EU norm leader on the issue of energy security (see section 2.4 which considers regional alliances – H4). As a US embassy staff member commented in 2009, ‘[t]heir arguments for EU energy sharing, regional storage plans, and emergency response mechanisms lack credibility without accompanying support for the interconnections needed to make that solidarity meaningful…Poland has not yet backed up this rhetoric with related infrastructure investments’ (Tulley, 2009). Actions which are explicitly self-interested are likely to undermine other rhetoric that cages national preferences in the language of European interest and solidarity, and affect the support of a key actor in the field of energy; the Commission.

2.2.5 Conclusion

Much of the ‘success’ of Polish energy diplomacy occurred after the 2005-2007 Law and Justice government left office, which coincided with the adaptation (or learning)
of a style of policy-making and agenda-setting more in line with existing EU norms, focusing on lower-key initiatives, rather than the grandstanding of Council vetoes and drawing parallels with historical grand narratives of power relations and the second world war with regard to North Stream. However, it was this earlier period which laid the foundations for much of what happened. It established Poland as a key member state in energy policy.\(^{54}\)

Aided by the context of two gas supply disruptions, the repeated appeal by Poland for energy ‘solidarity’ mechanisms in regional groupings, and in Council and Commission interactions, contributed to the inclusion of the energy chapter and, in particular, the ‘spirit of solidarity’ in energy security in the Lisbon Treaty of June 2007. In the months prior to this, in the aftermath of the Council PCA veto, Barroso stated that ‘[a] Polish problem is a European problem... It is very important if you want to have close co-operation to understand that the EU is based on principles of solidarity’ (cited in BBC, 2007). This appeal to ‘solidarity’ aided the framing of the argument, and built upon a broad solution proposed by the Commission in 2002, which used the language of a spirit of solidarity in energy. It was then an EU slogan, adopted successfully by Poland, and propagated to a wide range of subsequent objectives, policies and legislation.

### 2.3. The role of Russia

This section will consider Poland’s energy and broader economic and political relationship with Russia, to assess the extent to which this has been a constraining or motivating factor in Poland’s EU energy activism. In doing so it focuses on the North Stream gas pipeline and PGNiG-Gazprom gas transit contract renegotiation.

#### 2.3.1. Diversification away from Russian energy supplies

As section 1.2 showed, energy supply in Poland is characterised by a relatively low,}

---

\(^{54}\) Similarly, strong support from Poland for Ukraine during the ‘Orange Revolution’ in 2003 frustrated some member states, but President Kwasniewki claimed that they also thought as a result that Poland ‘was not just one of the new member states that was busy only arranging its offices in Brussels – they also knew how to behave in this new environment’ (President Kwasniewski 2005, cited in Pomorska, 2011: 178).
but rapidly increasing, dependency on energy imports; from 13.1 per cent in 2003 to 30.7 per cent in 2012 (Eurostat, 2014). Lukaszewska (2011: online) notes that ‘[t]he absence of competitive energy markets across Central and Eastern Europe has historically skewed markets towards dependence on the region’s historical supplier, Russia’, and Russia’s share of Polish gas imports has increased from 62 per cent in 2004 to 83 per cent in 2012 (PGNiG, 2013). Natural gas is predicted to supply 16.8 per cent of total primary energy by 2020 (up from 12.6 per cent in 2006) (IEA, 2011). In 2012, PGNiG imported 12 bcm gas, with 9 bcm from Russian Gazprom (82.7 per cent) (PGNiG, 2013).

As early as 1992 the Polish Economic Committee of the Council of Ministers (KERM) recommended diversifying gas imports to include non-Russian sources. Despite this, the long term (to 2020) deal to secure Russian gas imports in 1996 was hailed by the government as though considered to be a ‘gas Yalta’ by the opposition (Bouzarovski and Konieczny, 2010). This tension is characteristic of gas relations between Poland and Russia; the tension between safeguarding long-term supplies that may undermine other national diversification initiatives and the balancing of Poland’s import dependence on Russia with the dependence of Russia on transit through Poland (Pełczyńska-Nałęcz, 2010: 61).

A resolution was passed by Poland’s KERM on 31 May 2006, shortly after during the Russian-Ukrainian gas dispute, stating objective of diversification of energy supplies (KERM, 2006) and this was restated in 2007, that ‘diversification of supplies is crucially important to the whole of Europe, and it is here that we want to contribute to European policy’ (Fotyga, 2007). The 2009 Energy Strategy stated that concerning gas, diversification of sources and directions was the main objective (PME, 2009: 10).

Energy dependency on Russia is closely linked to the Polish trade deficit with Russia. This has been increasing steadily since 2000. In 2011 Poland had an €12 billion trade deficit with Russia, a substantial increase from €6 billion in 2005 and €4.5 billion in 2000 (Polish Central Statistics Office, 2007; 2010; 2012). This is directly related to the increasing price (and volume) of energy imports. Diversifying away from imports of Russian gas would significantly reduce the trade deficit with Russia and is likely to reduce the overall cost of gas imports, since supplies of
Russian gas to Poland are part of a Commission investigation into anti-competitive pricing and hindering the diversification of gas supplies (Commission, 2012i). Implementing diversification policies also fulfils national strategic objectives and should contribute towards Poland’s role as a regional and EU energy actor, strengthening demonstrable expertise and leadership in the policy area.

2.3.2. Opposition to the North Stream gas pipeline

The background to Polish efforts to diversify transit routes through involvement in the North Stream gas pipeline began with discussions in 1993, though it was not until the EU-Russia Summit of October 2001 that ‘the Northern Trans-European gas pipeline’ project was defined to be one of 'common interest' to be studied by both parties (Commission, 2010b). Poland was initially included in discussions, though was resistant to a pipeline which bypassed Ukraine (an Eastern Partnership ally). Resistance from Poland was tempered by the perception of a lack of economic viability, given the costs that would be incurred in bypassing Ukraine, so it was thought to be more of a hypothetical than a realistic project (Heinrich, 2007: 33-36). Discussions later included a transit route through both Poland and Slovakia. However, a German-Russian announcement was made on 11 April 2005, to construct a new direct undersea pipeline between the two countries, and with Polish exclusion came Polish opposition (Deutsche Welle, 2006a). This indicates that opposition was primarily based on national self-interest. Russia was seen as energy security guarantor until the rerouting of North Stream. This coincided with the term of the Law and Justice led government in 2005-2007, and then the supply disruptions of 2006 and 2009.

Later, a German proposal to build an offshoot of North Stream to Poland was rebuffed by the latter (Heinrich, 2007), giving the impression that Polish concerns were related more to potential influence as a transit country rather than security of supply. After April 2005, Poland’s strategy in opposing the North Stream project was to use the EU as the level at which to highlight that the Russian-German plans could be seen as against the security and economic interests of Poland, but also of the EU in general; that the proposal ‘unambiguously violates the common interests of the
European Union and its member states’ (PO leader Rokita cited in MSK MosNews, 2005). Section 2.4 will consider in more detail how the Polish opposition to North Stream tried to cultivate and exploit regional alliances.

In 2007 the PME stated that ‘[t]he [North Stream] investment poses a serious threat to Polish national security’ (PME, 2007). Polish-Russia historical relations are rarely absent from energy discussions, and are linked to the contemporary implications for national independence and security. Polish efforts to block North Stream continued until 2009 and implicit reference was included in the government’s 2009 Energy Strategy (PME, 2009: 22). However, by February 2010 the countries whose Exclusive Economic Zones the pipeline was to be finally placed within (Finland, Sweden and Denmark) delivered a positive Environmental Impact Assessment (DG Internal Policies, 2009). Despite all avenues for stopping the project having been exhausted, North Stream remained an issue in the run up to the 2011 Polish general election, with opposition leader Jaroslaw Kaczynski stating that the pipeline ‘breaks the idea of solidarity, one of the founding principles which underpin the EU’ (cited in thenews.pl, 2011). Whilst the chances of Polish opposition effecting change had receded by 2009, it was still useful in order to give credence to Polish efforts to establish regional and European energy solidarity, particularly regarding Russian gas supplies.

2.3.3. The PGNiG-Gazprom negotiation; policy incoherence and unclear competence

The PGNiG-Gazprom negotiations illustrate an incoherence of national preferences and a fight for competence in energy relations between Polish institutions. The contract also undermines Polish rhetorical support for the Europeanisation and communitarisation of external relations in energy. In 2010 an agreement was signed between state owned PGNiG and Gazprom, extending 10.3 bcm p.a. gas imports until 2022 (RiaNovosti, 2010). This agreement ran counter to EU rules on the Third

55 Financial guarantees worth €3.9 billion of funding from 26 banks and loan guarantees from credit agencies in Germany and Italy were secured (FT, 2010).
56 Foreign Minister Sikorski stated that North Stream had been pushed through ‘over our heads’ and ‘did not make economic sense’ (Sikorski cited in Vaida, 2010) and Deputy PM Pawlak called the project ‘a triumph of politics over common sense’ (Pawlak cited in PolskieRadio, 2009a).
Energy Package, namely the requirement for third party access (TPA) to natural gas transmission networks (EP and CoEU, 2009b). Neither state owned PGNiG nor Gazprom acknowledged the significance of the Third Energy Package. The Polish Ministry of Trade (PMTR) and PME (the main negotiator) argued against the PMFA that as the legislation had not yet been transposed into Polish law, it was not applicable (senior Polish official #4, 2011; Polish NGA #3, 2011).

Initial contract negotiations began in early 2009, and concluded in January 2010 with a Memorandum of Understanding that extended gas imports from Russia until 2037 and transit until 2045 (PGNiG, 2010). This was in stark contrast to stated objectives to diversify supplies (PMFA annual reports 2004-11; Polish Government, 2007; 2009). The renegotiated contract had the potential to undermine the economic viability and attractiveness to private investors of planned Polish energy diversification projects. The Commission was also ‘angry’ at the message coming from Poland and its seeming willingness to act both unilaterally and illegally (Polish official #3, 2011). This was in stark contrast to the rhetoric of energy solidarity outlined in section 2.2.

Within the PMFA there was suspicion that Gazprom's actions on the PGNiG-Gazprom negotiations reflected ‘the will of Russia’ (senior Polish official #4, 2011). In February 2010, at the invitation of the PMFA, the Commission scrutinised the contract’s compliance with EU law. The conclusion was that the contract was in breach of EU law, and that in line with the 2009 Third Energy Package, the Yamal pipeline transiting gas through Poland needed to be accessible to third parties, and run by an independent entity (Polish official #3, 2011; Dempsey, 2010). In July 2010, the Commission issued a request (or 'reasoned opinion' under EU infringement procedures) for Poland to alter the PGNiG-Gazprom contract to allow for reselling of surplus gas, TPA to the Yamal pipeline and bi-directional gas flow capability (Commission, 2010c), all requirements of the 2009 Gas Directive (EP and CoEU, 2009c). As a result the contract was (re)negotiated on 29 October and subsequently EU Energy Commissioner Oettinger acknowledged that the contract complied with EU law and removed the destination clause forbidding the resale of Russian gas (von

---

57 The PME was also considered to be too closely linked to the state run gas company, PGNiG, with one interviewee commenting that the ‘[t]he biggest challenge is to find a common domestic position not driven by PGNiG’ (Polish NGA #3, 2011; also Overbeek, 2011).
The redrafted contract adhered to the minimum level required by EU legislation but with regards to TPA the owners and users, Gazprom and PGNiG, will decide on when free capacity is available to third parties. In 2010 there was no free capacity (de Jong and Wouters, 2011: 28). Polish state-owned pipelines operator Gaz-System will manage only any excess Yamal-Europe gas pipeline capacity that may appear. De Jong and Wouters, (2011: 28) point out that this translates into Gazprom and PGNiG deciding ‘among themselves if there’s any capacity to sell to a third party. So, third party access exists – yes – though, mostly on paper’. However, Poland was a key supporter of the successful 2011 Commission proposal for an information exchange mechanism with regard to intergovernmental energy agreements between Member States and third countries, which permitted the Commission to vet all agreements, and support member states at their request (Karins cited in Euractiv, 2012; Commission, 2011; EP and CoEU, 2012: 25).

Linked to section 2.4 on regional alliance building, the PMFA considered that affirmation of the Third Package legislation was positive for national and regional energy security and aided alliance-building and claims of regional solidarity. The objective was to contribute to an impression amongst other NMS that, ‘your example is good for us, we will profit from your experience in these negotiations’ and also to ‘open the eyes of the Commission regarding NMS negotiations with Russia’ (senior Polish official #4, 2011). The Commission was also invited by the Bulgarian government in late 2010 to consult on a 2008 agreement on the Bulgarian section of the (Russian funded) South Stream gas project (Łoskot-Strachota, 2011).

2.3.4. Conclusion

In the last decade Poland has been one of the least energy import dependent member states in the EU. Whilst the trend is for increasing dependency, this section suggests that this relatively low import dependence (and importance as a transit country) may have afforded the country the opportunity to take a less conciliatory attitude towards Russia, with less to fear from a negative impact on the security of energy supplies. As noted in section 2.2, and developed further in section 2.4, it has been a Polish
objective to attempt to act as a regional leader in relations with Russia, energy security and solidarity. For example, the PMFA statement in 2010 asserted that, ‘[w]e resolutely oppose attempts by third countries to differentiate among the member states of the Union... we stand in solidarity with our friends from the Baltic’ (Sikorski, 2010). However, the PGNiG-Gazprom deal of 2010 also further demonstrated that Polish energy policy lacked coherence, exposing divisions and coordination problems at the national level between institutions and actors in the sphere of energy. The initial contract also conflicted with stated Polish energy (and national) security priorities. This undermined Polish rhetorical support for the Europeanisation and communitarisation of external relations in energy. Instead, it was demonstrated that Poland was willing to bilaterally deal with Russia even outside of EU law in order to increase national security.

2.4. Regional alliance building

This section will assess how Poland has used sub-regional groupings to promote national and regional preferences at the EU level. Whilst the focus for Poland remains its relationship with the EU through the Council and Commission it is demonstrated that, since the 2009 gas supply disruption, these regional groupings have become more central to EU energy policy implementation and have contributed to increasing Poland’s role as an influential regional and EU energy actor.

2.4.1. The attempt and ultimate failure to build regional and EU opposition to North Stream

Polish efforts were focused on building a regional and EU consensus around the concept of solidarity in energy policy outlined in section 2.2. This was the basis of opposition to North Stream, a gas pipeline project considered to undermine Polish, regional and EU energy security. Foreign Minister Fotgya claimed that ‘[i]t is imperative for Poland and central Eastern Europe to reduce dependency [on Russian energy resources] while it seems like the old member states would like to do the opposite’ (Fotgya cited in Geden et al., 2006). Other Polish actors made the explicit link between North Stream and the issue of energy solidarity, a key national
objective, as outlined in sections 2.2 and 2.3. In 2006, Foreign Minister Sikorski stated this was a case of Russia and Germany ‘[t]aking the decision first and consulting after [which] is not our idea of solidarity’ (Sikorski cited in Deutsche Welle, 2006a), whilst President Lech Kaczynski stated that ‘there should be European solidarity in this area’ (cited in Cienski and Wagsty, 2006). In 2007 the Foreign Minister argued that ‘[g]eopolitically...Russia gains the ability to decouple old and new members by differentially turning off the tap...the best way to show him his error is to scrap Nordstream and enact explicit energy solidarity within the EU’ (Olex-Szczytowski et al., 2007).

Torbakov noted that Poland’s diversification strategy and opposition to North Stream was presented as the ‘common strategy of the region, but also the entire EU, with the country’s argument enhanced as the EU’s ‘plenipotentiary representative' in the East’ (Torbakov, 2005). Polish arguments progressed from geostrategic to those with a more nuanced consideration of economic viability and the advantages of alternatives, focusing on regional partnership with Baltic countries. Building on a 2002 feasibility study of a pipeline between Poland and Lithuania, a 2005 alternative to North Stream was proposed by Poland and the Baltic States, to bring Russian gas through Latvia and Lithuania to Poland and Germany, but this failed to gain EU support (Götz, 2006:13).

The 2006 gas supply disruption was a catalyst for increased Polish opposition, on the basis that the pipeline would ‘enhance Russia’s direct leverage on Poland, Ukraine, and Belarus, as it will allow Russia to turn off gas supplies without affecting exports to other parts of Europe’ (Larsson, 2006). The North Stream project was an EU priority, forming part of the TEN-E Guidelines in 2000 and reconfirmed in the mid-2006 review (Commission, 2009a). However, Latvian energy Commissioner Andris Piebalgs backed Poland’s criticism, stating ‘[w]e should never have the situation we will have with this pipeline, where one partner country decided a project that is not acceptable to others, not even discussing it’ (cited in Beunderman, 2006).

A 2007 letter to the North Stream company, from the Foreign and Prime Minister also stressed environmental opposition and the negative impact on the ‘strategic aspects of the policy of the EU as a whole, and of its individual member states’ (North Stream, 2007), based partly on the calculation of higher transit costs (Szef,
In June 2008 Prime Minister Tusk used a Council of the Baltic Sea States (CBSS) summit to discuss opposition to the pipeline (PolskieRadio, 2008a). Two months later a successful Polish initiative was completed - the passing of a European Parliament report critical of the North Stream project, demanding a positive environment assessment (prepared by a Law and Justice MEP and Parliament committee chairman, Marcin Libicki). With 542 out of 602 MEPs supporting the report (Europolitics, 2008) Szczerbiak described this as the ‘major (and perhaps the greatest) Polish success… the resolution carried an important symbolic message that the project was a controversial one, and raised concerns outside Poland as well as within it’ (2011: 74). However, MEPs rejected blocking construction unless all Baltic Sea countries agreed to it (PolskieRadio, 2008b).

In September 2008, an attempt to use improving relations with Germany (and the Weimar Triangle forum58) to forge a strategic/regional coalition on the issue failed despite a public appeal by Prime Minister Tusk to Germany regarding the need to become independent from ‘the Russian oil and gas dictate… [as] [t]hen Russia wouldn’t be able to put any pressure on Europe’ (cited in PolskieRadio, 2008c). Certain member states, including Sweden, perceived Polish opposition to North Stream to be based on economic considerations of lost transit fees rather than security of supply and EU solidarity and after the 2007 Polish general election the new Minister of Foreign Affairs acknowledged that 'hard diplomacy' had resulted in 'clumsy' misunderstandings (MFA annual address, 2008) and that ‘we want to act towards negotiations and not towards confrontation’ (MFA annual address, 2009).

Opposition to the North Stream project had failed in its key objective – to secure a sufficiently strong enough regional and strategic coalition against the project’s implementation. However, it did highlight regional energy concerns within the EU and provided a platform for promoting the concept of energy solidarity.

58 Poland, Germany and France, use of which Kaminska considered to be underexplored in the post-accession period (Kaminska, 2013: 32).
2.4.2. Using the Visegrád Group to promote national and regional energy priorities (to the EU level)

In 2000, Dwan commented that the Visegrád Group\(^{59}\) (V4) was an example of a successful European sub-regional grouping that included ‘a process of regularised, significant political and economic interaction among a group of neighbouring states…across a wide range of issues’ (Dwan, 2000: 81). Kořán (2010: 117) remarked that the accession process gave the V4 a common purpose, and that there was, ‘intensive communication during the pre-accession period, solid communication networks among political representatives and diplomatic and bureaucratic actors’. Despite this, in 2009 Wagrowska concluded that energy security issues were not discussed within the V4 (Wagrowska, 2009: 37) and Dangerfield (2012: 960) considered that V4 policy on Russia was a ‘non-policy…a microcosm of the EU context where it is commonly accepted that divergent member state attitudes to relations with Russia undermine a consistent and effective multilateral approach’ with the VG focusing on ‘low politics’.

It is argued here that the 2006 and 2009 supply disruptions (see section 2.1 and chapter two) provided a new *raison d’etre* for the V4. A Visegrad summit in November 2008 also included the Baltic prime ministers, and discussed energy security (V4, 2008). A Visegrád High Level Energy Security group was formed in 2010, a Polish initiative that explicitly linked itself to the discourse of the Lisbon Treaty's Article 194, ‘[d]riven by the spirit of solidarity and cooperation, and encouraged by the objectives of EU energy policy as outlined in the Treaty of Lisbon’ (V4, Feb 2010). This was in line with the EU’s 2010 Security of Gas Supply Regulation concluded that ‘regional cooperation reflects the spirit of solidarity and is also an underlying concept of this Regulation’ (EP and CoEU, 2010).

Poland was able to utilise the V4 to project internal national market energy preferences, and a V4 funded policy paper in 2010 suggested the Group’s main priority was to build physical infrastructure (interconnectors) to enhance the regional energy market, to increase ‘supply security, as well as…access to spot markets and new competing sources of supplies’ (V4, 2010b). Using the V4 as a model, the Polish government was successful in proposing a High Level Group

\(^{59}\) Comprising of Poland, Czech Republic, Slovakia and Hungary.
(HLG) for the BEMIP that coordinates with the Commission and discusses issues with the Council. The Commission recognised that regional cooperation was ‘instrumental in reaching agreement on regional priorities and their implementation’ and that the HLG was ‘based on cooperation of the countries in Central Eastern Europe, e.g. in the Visegrad group’ (Commission, 677/4, 2010). Poland was successful in becoming central in the Commission's objective of gas infrastructure development in the Baltic Sea Region, including ‘to define and strengthen the role of Poland as an ‘energy bridge’ to the other countries’ (Commission, 2009b: 17). To this end, in 2010, the Commission allocated Poland a role in both the BEMIP and the Central-East gas Regional Initiatives (Commission, 2010d).60

Törö et al. argue that the V4 aimed to be a leading actor in promoting energy security at the regional and EU level, and that ‘Hungary and Poland utilised their Visegrad working relationship to great effect during their back-to-back EU presidencies and built on previous collaborative efforts by stressing two key energy policy pillars…the development of a common stance on EU initiatives and, secondly, the creation and implementation of projects of regional scope, including ongoing infrastructure’ (Törö et al., 2014: 383). This is explored in more detail in section 2.5.4 of this chapter.

At the February 2011 Council Energy Summit, a senior Polish government interviewee argued that Poland was considered to have played a lead role, which ‘upgraded expectations’ (senior Polish official #2, 2011). Certainly prior to this summit, the January 2011 Visegrad Energy Ministers meeting concluded with the objective that ‘the V4 Working Groups may establish common positions [on energy]’ (V4, 2011), an objective based on regional energy solidarity. Of the €9.1 billion61 Connecting Europe Facility funding proposed for energy infrastructure in the EU, €6.7 billion was earmarked for projects from the CEE region (Commission, 2012b: 8).

The strategic goal of Polish foreign and security policy has been to become a key player and leading member in the EU and it has been suggested that ‘Poland wishes

---

60 ‘Proof’ of successful uploading is the fact that the V4 and Baltic N-S plan is now something institutionalised within [Commission] N-S working parties’ (senior Polish official #2, 2011).
to achieve this aim while strengthening the community solidarity in the EU arena’ (Cianciara, 2009; Polish Government 2007; 2009). Poland has concentrated on energy security as a foreign policy priority as an issue (along with the Eastern Partnership with Ukraine) in which the country can establish itself as a norm leader and expert within the EU. However, it is also acknowledged that the size and ‘power’ of Poland is an obstacle, that ‘Poland is too weak to be in the big five, but too large to be treated with confidence by neighbours’ (Polish official #3, 2011).

2.4.3. More general effects of regional alliance building; a qualified success

It is argued here that Poland has successfully, if incompletely, positioned and established itself as a regional energy policy leader. A Commission interviewee stated that Poland had the ‘loudest voice’ on energy issues (senior Commission #1, 2013), whilst another commented on the support the country has received from Bulgaria and the Baltic countries and noted that ‘this is a logical consequence. As a smaller country you need to find a sponsor for your interests, and it’s always good to have big countries as your sponsor, or has the same interests, and you can coordinate with them. But I think this is has become even more important with 27 member states’ (Commission #2, 2010). This comment was supported by several interviewees in the Bulgarian and Latvian governments (Latvian official #3, 2012; senior Latvian official #4, 2012; senior Bulgarian official #1; senior Bulgarian official #4, 2011).

Several Latvian energy actors spoke positively of Poland’s regional influence. A government official stated that, ‘Poland is one of the countries which understands the situation in the Baltic countries. With the same views on energy supply, the same background [as us] with Russia, so there is more understanding’ (Latvian official #3, 2012). It was also considered that ‘There has been a considerable shift in Latvia’s foreign policy towards Poland and Germany. Before 2004 Poland was not considered able to defend Latvian interests. This has changed since 2009. They are the key players from Latvia’s perspective’ (Latvian NGA #4, 2012). This opinion was shared by a government official, who stated that, ‘during the last few years we are turning our attention towards the relationship with Poland….Poland is an extension to our natural gas area’ (senior Latvian official #4, 2012).
A Latvian MEP (Kariņš) was joint rapporteur with a Hungarian MEP (Herczog) of a report which led to the establishment of the ‘Exchange Mechanism with regard to intergovernmental agreements between member states and third countries’. This was proposed by the Commission in September 2011, adopted by the Council and European Parliament in October 2012 and entered into force the following month (Decision No 994/2012). Kariņš stated that ‘Out of all big countries, Poland is the only determined supporter of the EU common energy zone’ (Kariņš, 2012). Poland was also considered by a NMS permanent representative in Brussels to have had a ‘positive contribution. They raised the issue on the EU level, focused on external relations. More open and assertive, and they can be so because they are a larger member state’ (Slovakian official #1, 2013). Amongst Bulgarian officials Poland was also considered to be seeking coordination with Bulgaria on energy matters, and was seen as something of a role model, due to a more effective approach to relations with the EU, ‘with energy as a focus’ (senior Bulgarian official #1), due to their ‘experience and success of renegotiating contract with Russia’, and more generally because ‘[Poland] started raising the voice of the region’ (senior Bulgarian official #4, 2011).

Aspirations to be a policy leader are not necessarily supported by neighbours. In Latvia there is feeling that Poland ‘preaches’ rather than acting in a spirit of solidarity (senior Latvian official #2, 2012) and is competing for financing on BEMIP projects (senior Latvian official #1, 2012). This is also recognised in Poland, that neighbours sometimes perceive Poland to be using regional groupings such as the V4 and BEMIP for national self-interest, as a way of furthering national interests and gaining a place at the ‘top table of the EU’ (senior Polish NGA #1, 2011). A

---

62 Providing an ‘obligation for the member states to submit their existing legally binding agreements having an impact on the operation or the functioning of the internal energy market or on the security of energy supply and their new agreements, once ratified. The agreements are then shared with other member states, taking into account any confidentiality concerns. The mechanism also allows member states to inform the Commission of their on-going IGA negotiations, agree to Commission participation in such negotiations and ask for a compatibility check of a draft IGA’ (Commission, 2013i).

63 ‘This concept has long been overdue but has not yet crystallized completely. Former Soviet Union countries view Gazprom as a tool for making them more dependant and obedient, while France, Italy and Germany see it as a source of income’ (Kariņš, 2012).

64 A member of the US ambassadorial staff in Warsaw in 2009 concluded that ‘Poland will continue to support, in principle, connecting the Baltic energy island to the EU as part of its overarching interest in European energy solidarity and containing Russian influence over Poland’s neighbors and EU partners. However, this moral support is unlikely to translate into action and infrastructure unless
Latvian official highlighted that whilst the BEMIP ‘is creating closer links with the [involved] countries…we are often competing as well as coordinating, so it is strategic not regional alliances’ (senior Bulgarian NGA #3, 2011). It was also noted by interviewees in Latvia that Poland’s policy was mainly to ‘make a big noise’ on issues such as North Stream, rather than effecting policy change at the EU level (Latvian NGA #5, 2012) and that ‘they preach solidarity, but friendship does not always work’ (senior Latvian official #2). A Latvian official was also sceptical about the influence of the Visegrád Plus Group (V4+), and felt that this was only of particular use when Poland was also holding the EU Presidency in 2011 (senior Bulgarian NGA #3, 2011).

Whilst complete regional consensus around what constitute national energy preferences for Poland is not likely or expected given the divergence of national energy mixes and policy preferences, within Poland it was argued that an awareness of the preferences of other governments was often lacking (as demonstrated by the EEST in section 2.2). The Polish Committee for European Affairs (KSE) which decides national positions is sometimes undermined by not knowing other countries’ positions (senior Polish official #3, 2011). A senior government interviewee stated that even by 2011 this awareness ‘needs to be further developed. We need to know who we can and cannot count on the support of, [and] we need to be able to change our position slightly and respond and work strategically with others’ (senior Polish official #4, 2011). Similarly, Roth concluded that ‘[m]any officials complained that [Poland] did not reciprocate solidarity and ignored collective EU interests, as they rejected or even refused to discuss consecutive compromise proposals reveal[ing] the absence of a consensus on the scope of EU solidarity’ (2009: 25; also Tulley, 2009).

Part of this failure is related to administrative capacity, to be discussed in section 2.5. For example, staff in the Polish Permanent Representation have an essential role in signalling to the national government ‘how far it could press for a favourable solution and when such actions would endanger the state’s credibility among its partners’, as well as sharing policy and EU policy-making expertise (including of EU

---

65 A former Commission employee noted that whilst the ‘Poles are now at the top table’ and in energy policy are ‘the irritant’, they are ‘not fully acknowledged as one of the big powers, much to their frustration’ (senior EU NGA #3, 2012).

2.4.4. Conclusion

Despite failing to sufficiently develop alliances with regard to the EEST and to a lesser extent North Stream, Poland has successfully used the case of energy solidarity as a concept since 2006. This was formalised in the Lisbon Treaty and in the objectives of regional groupings such as the V4 and BEMIP. Linked to section 2.2, energy initiatives are increasingly presented by Poland, using ‘the rhetorical device of the European rather than the national interest in their discourse’ (Copsey and Pomorska, 2008: 18). However, there remains scepticism regarding the extent to which Poland is acting in a non-nationally and self-interested manner, despite its claims to the contrary.

2.5. Administrative capacity

Another factor hypothesised to be influential in agenda-setting, policy-making and policy implementation is the strength of administrative capacity. Linked to section 2.2, more recent efforts to upload national policy have been aided by the ongoing ‘learning process, whereby ministries and the government as a whole are beginning to appreciate the value of increasing administrative capacity’ (EU NGA #1, 2010). As a result, Poland has increasingly attempted to increase demonstrable expertise, through outsourcing of expertise to think-tanks, NGOs and the private sector (senior Polish official #2, 2011). Despite this, Świątkiewicz-Mośny and Wagner concluded in 2012 that there remained a ‘lack of readiness among decision-makers to move from an elitist model to a participative one in formation of energy policy’, in terms of involving civil society opinions and expertise (2012: 389).

2.5.1. Civil service culture, reform and overlapping competencies

The communist legacy led to a situation in which ‘the notion of a professional civil service… had been eliminated in most states’ (Dimitrova, 2005: 82) and in Poland,
Amsden et al. (1994: 193) discussed the danger of ‘[p]arties treating ministries as turf to fight for’ with ‘attempts to capture ministries’, loyalty to leaders rather than the state, and a loss of experience and expertise with each change of cabinet. Over-politicisation of Polish civil services continued to prove an obstacle to preference uploading efforts with regard to North Stream and other initiatives. Epstein and Sedelmeier (2008: 797) claim that ‘post-accession compliance with costly pre-accession demands of international institutions’ decreased and Poland has experienced difficulties in creating a depoliticised civil service. Interviewees commented on a highly politicised energy policy, partly due to the influence of PGNiG (as noted in section two and with energy strategies changing with governments rather than maintaining continuity) (Polish NGA #1, 2011; Polish NGA #3, 2011).

The Commission's Polish Accession report in 2002 noted that suspending the Civil Service Act of 1998 (Republic of Poland, 1998) allowed ‘the Prime Minister and the directors-general in state institutions…to fill the most senior administrative posts with people from outside the Civil Service, who as candidates are no longer required to pass a competition’ (Commission, 2002b: 23). This resulted in an increase in political appointments and elements of a spoils system (Goetz, 2001: 1036). Kaminska notes that the problem of over-politicisation within the civil service (particularly of high level officials) persisted beyond accession, especially during the Law and Justice led government, when ‘issues of nepotism, political appointees in key positions and corruption dominated internal debates’ (Kaminska, 2010: 74). Whilst there has been a shift to a more professional civil service, it is still considered that political influence extends beyond the top ‘to layers which should not be politically orientated’ (Polish official #3, 2011), affecting coherence and continuity of policy. Though the expert level is considered to be relatively depoliticised and the PME relatively stable compared to other ministries, there remains a high rotation of directors (Polish NGA #1, 2011; Polish NGA #4, 2011).

Polish initiatives at the EU level have been undermined by a lack of coherence of policy at the national level. Between 2004 and 2009, the competence for EU affairs in Poland was primarily ‘two-headed’, with the PMFA and the Office of the Committee for European Integration (UKIE), though ‘sectoral ministries also
directly ‘communicated with Europe’ (Kaminska, 2010:70; also Polish official #3, 2011). Szczerbiak concludes that the PMFA lost control of the country’s European policy at the end of 2005 and that ‘[t]urf war’ between the ministry and UKIE ‘helped to create the space for line ministers to shape their own agendas and take initiatives’ without consulting the Minister (Meller), who resigned in mid-2006 (Szczerbiak, 2011: 18). After the merger, the PMFA initially faced the problem of ‘undefined hierarchy of institutions and the unspecified model of cooperation in foreign policy’ (Kaminska, 2010: 70).

As concluded in section 2.3, the PGNiG-Gazprom contract issue demonstrated the problem of a lack of a single energy voice at the national level because of the fight for competence between the PMFA and the PME (Kaminska, 2013: 24). A senior government official considered in 2011 that there was a frequent difference of opinion between the two ministries, with the latter opposing the merger of UKIE and the PMFA (senior Polish official #4, 2011). This was because it was considered that the focal, coordinating point of European policy-making was removed, and that the role and competency of the PME in European issues was undermined by this (Polish official #3, 2011).

The President and Prime Minister have possessed key roles in Polish energy policy, though between 2007 and 2010 the relationship was characterised by inter-institutional competition, for example over whether the Prime Minister (Donald Tusk, PO) or the president (Lech Kaczyński, Law and Justice) had the prime role in foreign affairs (Harper, 2010: 21) and ‘[t]he two state bodies clash[ed] frequently over their respective competencies’ (Szczerbiak, 2011: 21; also Kaminska, 2013: 25). The President is technically the state’s representative in foreign relations and the National Security Bureau (NSM) was almost exclusively utilised by Lech Kaczyński (Polish NGA #2, 2011), though from 2010 President Komorowski tried to revive the NSM as an inter-institutional forum to engage all main political actors and experts (Polish NGA #1, 2011). In 2011 it was considered that the Polish government still lacked fora in which to work on compromise and common policies and positions (Polish NGA #3, 2011).
2.5.2. Staff and resources

The legacy of Poland’s transition period is still relevant. Significant change occurred in the PMFA between 1989 and 1993, with half of the Ministry’s 698 employees made redundant along with 90 per cent of Polish ambassadors and general consuls (Vinton, 2005). This had a disruptive effect that had not been resolved by 2011, further exacerbated by a high turnover in employees. Kaminska argued that the ‘lack of strongly rooted and established civil servants in the institutional structure of the diplomatic and civil services proved to be one of the major constraints in uploading the Polish national interests onto the EU level’ (2010: 74).

In recruiting and retaining staff, the government has faced competition from EU institutions and the private sector. Poland also faced this obstacle in the early 1990s when low salaries and discrimination against former nomenklatura contributed towards a ‘disintegration of the states’ administrative apparatus’ (Amsden et al., 1994: 193). Government employees would leave the ministries after acquiring ‘great experience and contacts’ (Squires Meany, 1995: 291). In post-accession Poland this resulted in ‘brain drain’, an ‘emigration of well skilled experts’ (Polish NGA #3, 2011). Despite this competition for staff, the PME’s Energy department employs ‘many young, well educated, ambitious people. [Because] the private sector offers competitive salaries but the Ministry better facilitates contacts with the Commission and their institutions’ (Polish official #3, 2011).

Retaining these staff is a bigger challenge. They often move to the Commission; considered to be the main problem undermining Polish administrative capacity (Polish NGA #2, 2011; PMFA annual address, 2009).66 However, staff who remain are now more likely to have expertise of general EU affairs and procedures and specific energy issues, as well as well-developed contacts at the regional and EU level. This is also aided by increasing division of competence and greater input at lower levels in an attempt to ensure permanent engagement (senior Polish official #2, 2011).

It is considered within the government that a ‘lack of sufficient resources affects departmental outputs, [and] stability of expertise within the PMFA and will be

66 ‘We also have to increase the competitiveness of the Ministry of Foreign Affairs on the labour market’ (Sikorski, 2009).
further affected by planned rationalisation pressures\(^{67}\) (senior Polish official #3, 2011). The 2009 annual foreign minister address acknowledged that the Ministry ‘has had a long history of lack of proper financing’ (Sikorski, 2009). In comparison, in 2008 the French and Germans spent 1.6 per cent and 0.9 per cent of their state budget on foreign affairs respectively, and the Spanish, almost 2 per cent, compared to 0.34 per cent by Poland (Sikorski, 2009). The PME has received increased resources though, as a result of the higher level of priority given to energy security since 2006. Until 2006 there was only one Energy Security department, and by 2011 there were four departments (Energy, Oil and Gas, Mining and Nuclear), with staffing levels three times higher than in 2006 (Polish official #3, 2011).

Training for Polish ministries is provided by two institutions. Since 1991, the National School of Public Administration (KSAP) has provided 18 months of training, including a focus on the EU, with an obligation to work for the central administration upon graduation for a minimum of five years (KSAP, 2010). Since 2002, the Diplomatic Academy also offers a highly competitive one year course; including four months theory, and eight months practical work and study visits (including to Brussels). The quality of (well prepared) staff is considered to be improving, leading to a shift in bureaucratic culture and expertise, and quicker, more informal and less hierarchical communication (Polish official #4, 2011). EU experts on specific issues and tasks are now found at progressively lower levels of administration, such as Heads of Units (Polish NGA #2, 2011). However, between 2005 and 2007 there was an impression that entrance requirements were reduced as long as the applicant was not in any way connected to the former Communist regime, as part of the Law and Justice coalition government lustration drive.

In terms of bureaucratic culture, the pre-accession UKIE ‘were results orientated not procedure orientated’, in contrast to other ministries (Polish official #4, 2011). UKIE had hired ‘young, professional technocrats’, with higher salaries commensurate with the priority given to EU accession, and better conditions and working hours (Polish NGA #2, 2011). With the merger of the PMFA and UKIE in 2010, leaving the former with responsibility for EU policy-making and coordination, departments that have transferred, ‘function as a new department within the [PMFA]…relatively

\(^{67}\) UKIE had more resources – for example, they were able to produce an econometric analysis for budget negotiations (Senior Polish official #3, 2011).
autonomous’, which is considered to provide a catalyst for ‘learning from one another’ (Polish official #4, 2011).

Critics have suggested that this development was more a ‘takeover’ than merger; absorption of an informal, horizontally structured institution into a formal, more hierarchical institution characterised by a slower flow of information. Whilst Minister Dowgielewicz was highly regarded and actively engaged in smoothing the transition, the merger between UKIE and PMFA led to a clash of cultures, a chaotic period of adjustment and a loss of expertise of those who refused the mandatory wage cut (Polish official #3, 2011; Polish NGA #2, 2011). However, the merger of UKIE and the PMFA has also been considered to be a catalyst for a gradual change in bureaucratic culture by a senior government interviewee, with new employees hired on the basis of language skills and EU knowledge, enhanced by training and information in the first few months of employment (senior Polish official #4, 2011).

Kaminska argued that a key factor in the degree of success in EU influence is that the ‘EU multi-governance structure requires clear patterns of coordination and cooperation at home in order to establish an effective informal mechanism at the EU level’ (2010: 71). A Polish strategy for the realisation of this has been the European Committee of KERM, set up in April 2004. In 2009 this was replaced by the KSE, which on behalf of the Council of Ministers, coordinates Polish positions in the EU (for the Council and Permanent Representation). This met usually twice a week (Tuesdays and Fridays) (Polish government, 2010) and has the advantage of being coordinated by the PMFA's Mikołaj Dowgielewicz, who is considered within the government to have substantial experience of Poland's coordination of EU affairs (Polish official #4, 2011). Whilst important, the KSE excludes the PMFA's European Policy Department, a unit key in preparing information for the Prime Minister and President; a further example of inter-institutional competition. A lack of effective coordination, and ‘and continued weaknesses in ‘lobbying’ EU institutions’, particularly outside of the European Council was also considered by Copsey and Pomorska to be an enduring issue (Copsey and Pomorska, 2014: 440).

---

68 Former Secretary of State of UKIE, former Vice-President (KERM) and the Minister of UKIE.
2.5.3. Technology

The circulation of documents was improved by the launch of the a coordination system to communicate instructions from all Council Working Groups, and to support ‘the elaboration of official Polish positions towards draft EU legislation, strategic papers, programmes, etc. including positions for working groups and Council meetings’ (Nowakowski, 2006). A ‘comprehensive overall computerisation’ of the PMFA was initiated in 2008 (PMFA annual address, 2009), and in theory EWD-P ‘is used to distribute to the government administration institutions the official documents sent by the Council Secretariat (White and Green Papers, legislative proposals, convocations of meetings and agendas, etc.)’ (Polish official #1, 2011). Problems in implementing the system endured through to 2011 though. Whilst perceived as useful, containing good archives and documents that potentially improve coordination and communication, the system is underutilised, with individuals often reluctant to switch from more familiar systems and ad hoc communication (senior Polish official #2, 2011).

Heavy reliance is still put upon personal relationships, and daily communication with the Permanent Representation is in the form of emails and once or twice a week teleconferencing coordination meetings with Ministers/Heads of Unit (Polish official #3, 2011). Technology does not in itself solve the problem of ‘information flooding’ at the national level. The Permanent Representation is required to prioritise and comment on issues, and filter information for national ministries, though urgent business can take too long to be analysed and passed to the national level (Polish NGA #2, 2011; senior Polish official #2, 2011). The capacity of the Permanent Representation has increased substantially since accession - in May 2004 there were 57 officers out of 100 employees\(^71\) and by February 2005 this had increased to 62 out of 110 (Nowak-Far, 2006). In 2011 the number of staff was 200, with approximately 300 during the Presidency (Polish Permanent Representation, 2011).

---

\(^{69}\) This was considered to have improved under Minister Mika-Bryskia, the Polish Energy Attaché (Polish official #3, 2011).

\(^{70}\) For example, in the 2008 Climate and energy package negotiations ‘Poland joined the process of trying to shape EU legislation at a very late stage’ relying on coalition-building and ‘framing its arguments in [EU] terms of the need to modernise EU industries’ (Szczerbiak, 2011: 71).

\(^{71}\) Following the tripling of Permanent Representation staff numbers in 2003 (Pomorska, 2011: 170).
The Permanent Representation is of importance, linked to agenda-shaping and diplomatic skill as outlined in section 2.2. As Pomorska notes, the institution is a key location for Polish diplomats to learn ‘the rules of the game’, a ‘code of conduct’ including informal rules of behaviour (Pomorska, 2011a: 3). The Permanent Representation serves as a crucial link in the process of preparing instructions in the capital, authorising them, sending them to Brussels, and reporting them back to the PMFA (Pomorska, 2011b: 170). And it is a ‘lack of effective communication’ here which has limited Poland’s influence (Kaminska, 2013: 24).

2.5.4. Presidency of the EU in 2011

The early months of 2010 were spent dealing with the merger of UKIE and PMFA, rather than preparing for the Presidency of the EU. However, a specific department for coordination of Poland’s Council Presidency was formed within the PMFA.72 With the exception of 13 staff members whose contracts will run out at the end of 2011 this will benefit the PMFA in the future, with staff gaining valuable experience of EU procedures and policy-making, as well as building up contacts with other member states (Polish official #2, 2011). If this proves to be the case then it would support Menon's claim that ‘[a] member state only understands the EU once it has held the rotating presidency’ (Menon, 2008: 107). The Council Secretariat is obliged to offer assistance during the Presidency (CoEU, 2004: Art. 23), regarding drafting meeting agenda and minutes of meetings at various levels of negotiation, drafting of summary reports, detailed briefs on the positions and preferences of the other member states, providing ‘technical’ legal expertise and specialist experience (Christiansen, 2002: 46).

The European Council in February 2011, during the Hungarian Presidency, called for ‘better coordination of EU and Member States' activities with a view to ensuring consistency and coherence in the EU’s external relations with key producer, transit, and consumer countries’ (European Council, 2011: 4). Energy security was one of the Polish priorities for their Presidency (PMFA, 2012) and during its 2011

72 In April 2008, six people were employed. No extra posts were created for the purposes of the presidency; all were available due to the reallocations within the Ministry. At the end of 2010, there were 44 employees (of which 32 had moved from UKIE), and 54 employees by April 2011 (Polish official #2, 2011).
Presidency late in the year, Vandecasteele et al. concluded that ‘the Presidency exerted (very) limited influence on the agenda for energy cooperation with third countries’ (2013: 17). European Council Conclusions made explicit reference to the external dimension of energy security (European Council, 2012) - though Vandecasteele et al., (2013: 17) argue that these conclusions were likely to have been adopted without Polish influence, and Poland’s role may have been primarily in expediting these conclusions.

The European Council in February 2011 also ‘invited [Member States] to inform from 1 January 2012 the Commission on all their new and existing bilateral energy agreements with third countries’ (European Council, 2011). Poland was considered a key supporter of the Commission proposal for a formalised information exchange mechanism with regard to intergovernmental agreements between Member States and third countries in the field of energy, which permitted the Commission to vet all intergovernmental agreements, and support member states at their request (Karins cited in Euractiv, 2012; Commission 2011b). This successful proposal was approved by the European Parliament and European Council in October 2012 and came into force in February 2013 (EP and CoEU, 2012).

During the Presidency countries co-ordinate their priorities more actively with the Commission (Bunse et al., 2005: 42), and Pomorska and Vanhoonacker argued that ‘The Polish Presidency was well organized and, in most cases, proved that it could think beyond its own national interest…Poland was clearly no longer the inexperienced and sometimes unreliable partner of the early years’ (2012: 83). There was a budget allocated by the government of around €100 million (Pomorska and Vanhoonacker, 2012: 76) and the number of staff in the Permanent Representation increased by 50 per cent for the duration of the Presidency (Polish Permanent Representation, 2011). Kaminska (2013) concluded that the Presidency had a positive impact on practices and mentality and this provided an opportunity for procedural learning of staff and to maintain EU level focus on energy, as a stated Polish Presidential priority. The effect of the Presidency is more on administrative capacity than direct influence through agenda-setting power during Presidency. However, it is likely that the temporary increase in administrative resources will have longer lasting positive effects.
2.5.5. Conclusion

The absence of a professional, well qualified civil service with both an awareness and experience of EU procedures and inter-institutional relationships was a factor that undermined efforts to upload policies in foreign and energy affairs. Inter-institutional rivalry and an overlap of competences were key problems in the first four to five years after accession. These issues have to a significant extent been identified and overcome, though retaining staff remains problematic. As concluded in sections 2.2, 2.3 and 2.4, a lack of administrative capacity affected the PCA veto, North Stream and the EEST. Institutional evolution has improved the situation but Poland still faces the challenge of presenting coherent, coordinated and depoliticised energy policy preferences, and having an efficient procedure for communication of positions horizontally (nationally intra- and inter-institutionally) and vertically (with EU institutions and other MS), with Pomorska’s analysis still relevant, that ‘lessons learnt have not yet been institutionalized, that is, translated from the individual to the organisational level’ (Pomorska, 2011a: 14).

3. Conclusion

Poland’s influence on EU policy development and implementation is related to the five hypotheses derived from chapter one’s conceptual framework. These hypotheses are: Policy windows of opportunity for energy policy developments (H1); diplomatic skill and learning over time (H2); the (constraining) influence of Russia (H3); regional and strategic alliance building (H4) and; the relative strength of administrative capacity (H5). The evidence presented in this chapter suggests that not all the hypotheses were equally as salient in explaining Polish activism and influence in energy policy at the EU level. The conclusions in terms of the relevance of each hypothesis to the Polish case are summarised here and in a comparative analysis with the other two case studies in chapter six.

Polish influence on EU energy policy has been significant and several factors have contributed to this. As section 2.1 identified, the two gas supply disruptions along with price increases shifted many other member states’ policy preferences on energy security, leading to there being a more receptive context for Poland’s efforts to
upload national energy preferences. OMS became more sympathetic to the (energy) security concerns of Poland after threats to the country’s energy security were demonstrated. Other NMS, disproportionally affected by the disruptions, were particularly supportive of solidarity and greater supranationalism in energy policy. Perceptions of energy (in)security in Poland also shifted, affecting the political will to effect change at the EU level, as energy import dependence was newly considered a key threat to national security. Hypothesis one, concerning policy windows of opportunity for energy policy developments at the national and EU level, was then a significant factor in accounting for the influence of Poland on EU energy policy.

Related to hypothesis one, section 2.2 argued that energy policy has been a priority for successive Polish governments, whose politicians have benefited from a learning and socialisation period since accession, resulting in a more consensus style of negotiating, and the adoption of appropriate norms, rules and strategies for the uploading of national preferences. Whilst the 2005 to 2007 period, in which there was a Law and Justice (led) government was considered a somewhat atypical period, characterised by aggressive rhetoric and un-European diplomacy, actions here and in subsequent years established Poland as a country seen by its regional NMS partners as a leader on the issue of energy policy. Hypothesis two is then at least partly supported, though it is hard to isolate the effects of improving diplomatic skill which is related to learning since accession from the actions, preferences and negotiating styles of particular governments and coalitions.

Sections 2.2 and 2.4 demonstrated that capitalising on the context of two gas supply disruptions and the repeated appeal by Poland for energy ‘solidarity’ mechanisms in regional groupings, as well as and in Council and Commission interactions, contributed to the inclusion of the energy chapter and ‘spirit of solidarity’ in energy security reference in the Lisbon Treaty of June 2007, and subsequent EU policy that has legislated for a limited ‘communitarisation’ of energy policy and promoted regional energy groupings. The Commission was considered useful for Poland, as ‘a facilitator and a partner in negotiations’ (Slovakian official #1, 2013).

As section 2.4 concluded, there were reservations of other member states about the sincerity and motives of Poland’s actions concerning whether commitment to solidarity in energy issues may be more rhetorical than actual. However, persuasive
advocacy and utilisation of regional and strategic alliance building, aided by membership of the V4 have contributed to Poland being generally considered by NMS as a useful partner to advocate with them and on their behalf, to raise regional concerns about supply security at the EU level. Hypothesis four was not the most salient factor in accounting for Poland’s influence on EU agenda-setting, policy-making and policy implementation, but this did play a role, particularly in the latter.

The role of Poland’s energy relationship with Russia was assessed in section 2.3 and it was concluded that this was historically informed and that a desire to increase general security has been a long held feature of Polish politics. Energy (in)security has been a concern since 2006 in particular, after the first of two major gas supply disruptions and in the context of dramatically rising gas prices. Poland has a far lower overall dependency on Russia as a supplier of energy supplies than other NMS, and its more diversified energy mix means that the risk of supply disruption or higher prices are less of a threat, though still a concern. The relationship with Russia has in the case of Poland more driven than constrained energy policy and uploading strategies. Hypothesis three is in this case supported, in that the economic and political relationship with Russia affected Polish energy policy development as well as the political will to upload national preferences to the EU level. Here it has been demonstrated that the relationship has been an enabling rather than constraining factor.

The credibility of Polish government energy policy proposals has been derived increasingly from demonstrable expertise, enhanced by increased administrative capacity and a move towards a more ‘results oriented not procedure orientated’ civil service culture. Poland was better able in 2013 than in the immediate post-accession period to present coherent energy policy preferences and has been developing an increasingly efficient procedure for communication of positions horizontally at the national level (intra- and inter-institutionally) and vertically (with EU institutions and other member states). These improvements are largely related to the learning process (hypothesis two) and from a qualified strengthening of administrative capacity (hypothesis five), as examined in section 2.5. Hypothesis five, relating to administrative capacity, was considered to be a reasonably important factor and one that interlinked with hypotheses one, two and four in the Polish case. Yet the changes
in administrative capacity have not been dramatic between 2004 and 2013, and this was found to be the factor least correlated with Polish influence on EU energy policy development.
CHAPTER FOUR: THE CASE OF BULGARIA

1. History and introduction

The first two chapters of this thesis examined the conceptual framework of agenda-setting and Europeanisation uploading within the context of EU energy policy development, in particular the role of the Commission. In the preceding chapter, the dissertation discussed the qualified success of Poland in placing the concept of solidarity mechanisms within EU legislation and influencing related EU energy objectives. It also assessed the Polish government’s attempt and failure to influence the North Stream pipeline that has begun to transit Russian gas directly to Germany.

These two main Polish cases were tested with reference to five theoretically derived hypotheses. These are also applied to the case of Bulgarian gas policy since accession in 2007. The theoretical claims made in the existing literature form the basis of the thesis’ hypotheses (see chapter one) and state that (newer) member states’ influence derives from five factors: Perceptions of energy security (H1); diplomatic skill (H2); the role of Russia (H3); regional alliances (H4) and; administrative capacity (H5). These hypotheses are revisited in a more explicitly comparative manner between the three country case studies in chapter six, situating the empirical findings within the literature on Europeanisation, framing and agenda-setting discussed in chapter one. This enables consideration of the weight of each hypothesis as an explanatory factor for the influence of each of the three NMS studied on EU energy policy development and implementation. The concluding sixth chapter will also consider the extent of generalisability of findings beyond these specific country cases.

This chapter begins with an analysis of historical relations between Bulgaria and the EU and Bulgaria and Russia. As will be demonstrated, the latter relationship is key as Russia has long been a major economic and energy partner, and energy import dependence influences Bulgarian energy policy by enabling and incentivising, but

73 This chapter informs, and is informed by, the following articles: 1) Maltby, T. (forthcoming) Between amity, enmity and Europeanisation: EU Energy security policy and the example of Bulgaria’s Russian energy dependence, Europe-Asia Studies; and 2) Maltby, T and Hiteva, R. (forthcoming) Standing in the way by standing in the middle: the case of state-owned natural gas intermediaries in Bulgaria, Geoforum.
also constraining and undermining national, and therefore EU, diversification efforts. The chapter proceeds to evaluate Bulgarian involvement in the EU’s Southern Gas Corridor, and Russia’s South Stream gas pipeline. Bulgaria is in a key location for these proposed gas transit pipeline projects. Whilst Bulgaria has committed to both projects in its energy objectives and 2011 strategy, the government appears to have used involvement in the Southern Gas Corridor to gain leverage in negotiations with Russia on its South Stream pipeline project (not an EU priority) and related gas import contract.

The chapter also considers Bulgaria’s role in developing the EU’s internal gas market, by developing gas interconnections with neighbouring countries, including as part of the EU’s N-S gas corridor. This case demonstrates a failure to translate rhetorical support for interconnections into actual implementation of the projects, as well as a more general failure to re-orientate Bulgarian energy policy away from Russia and towards EU objectives. It is also found that there has been a qualified increase in Bulgarian energy activism and that convergence with EU policy implementation has been apparent since 2011.

The chapter is structured to consider each hypothesis in turn, to evaluate the role of each factor in accounting for Bulgarian activism in EU energy policy and implementation. Overall, it is argued in the first section that post-accession low levels of Bulgarian energy activism can be explained by the perception within government of a positive dependency on energy imports from one supplier (H1). The second section considers diplomatic skill, learning and demonstrable expertise, arguing that Bulgaria has failed in general to prioritise the uploading of national energy preferences, in a large part due to a failure to consider it a priority policy area at the national level (H2). The country’s historical dependency on Russian energy sources acting as a constraining factor and later enabling factor is analysed in section three (H3). This has changed since 2009 as a result of increasing energy costs and supply disruptions, and this chapter focuses on low but gradually increasing energy policy activism (H2 and H1). The relative weakness and lack of institutionalisation of regional groupings is considered as an explanatory factor for Bulgaria’s preference uploading in section four (H4), whilst the final section in this chapter evaluates the role of weak administrative capacity in accounting for the lack of Bulgarian
influence in shaping and implementing EU energy policy (H₃).

1.1. From independence to post-accession: Bulgarian relations with Russia, and integration into the European Union

This section first outlines the background of Bulgaria’s history with the Soviet Union, before considering the path from independence to EU accession in 2007. Bulgaria is unique amongst the states that acceded to the EU between 2004 and 2007, due to strong historical relations with Russia /the Soviet Union. In the 1960s and 1970s Todor Zhivkov requested that the USSR accept Bulgaria as the 16th Republic of the Soviet Union, stating in 1973 that, ‘Bulgaria and the Soviet Union act as a single body, breathing with the same lungs’ (Zhivkov, September 1973 cited in Crampton, 1994: 353) and in 1978 reiterating that ‘The Bulgarian Communist Party will…tirelessly work for an ever fuller organic togetherness of the People’s Republic of Bulgaria with the Great Union of Soviet Socialist Republics’ (Zhivkov, 1978 cited in Katsikas, 2012: 5).

The close relationship was, and is, in part derived from ‘sympathetic feelings for Russia owing to the latter’s help in shedding the Turkish yoke’ (Amsden et al., 1994: 161; also Dzhambazova, 2009). Achieving Bulgarian independence from the Ottoman Empire, the ‘Bulgarian national awakening’, was lionised for 45 years of communist rule, and remains salient. The bond was also a result of shared Slavonic languages, Eastern Orthodox religion and Cyrillic script (Katsikas, 2012: 5), as well as a ‘strong cultural influence from Russia’ (Katsikas and Siani-Davies, 2011: 11-12). In 2007 78 per cent of Bulgarians surveyed had a favourable opinion of Russia compared to 12 per cent with an unfavourable view (Pew Research Centre, 2007).

The relationship was advantageous to Bulgaria as the Council for Mutual Economic Assistance (CMEA) provided a market for industrial products and access to cheap oil and gas for both domestic use and profits from reselling to Western Europe (Brown,

---

74 For example, in 2012 Prime Minister Borisov specifically touted longstanding bilateral ties, lauding Russia’s ‘decisive role’ in liberating Bulgaria from Ottoman oppression (Borisov cited in Voice of Russia, 2012).
75 For Poland these figures were reversed, with 58 per cent holding a negative view in 2007 (Pew Research Centre, 2007).
1992: 186; Papadimitriou, 2002: 128). Dimitrov notes that before independence, the ‘EEC took up a smaller proportion of Bulgaria’s foreign trade than that of any other East European or even Balkan country’ (Dimitrov, 2000: 101).

Diplomatic relations between the European Communities and Bulgaria were established in 1988 (Commission, 1997) and after leading Bulgaria for over 35 years, Zhivkov fell from power on 10 November 1989 (Brown, 1992: 181). On 22 December 1990, ‘the socialist dominated Grand National Assembly adopted a resolution proclaiming Bulgaria’s ambition to become a member of the EC’ (Bechev, 2011: 115).

From the 1990s, Bulgaria was included in all democracy and market economy transition programmes initiated by the EC (Noutcheva and Bechev, 2008: 118). The 1990 Trade and Cooperation Agreement between Bulgaria and the EC (Commission, 1990) was enhanced by a Europe Agreement signed in March 1993, stating explicitly the goal of EU membership (Commission, 2014). Public support for accession was constantly over 50 per cent (Katsikas and Siani-Davies, 2011: 12) and EU accession was a strategic objective of all governments from 1990 until accession in 2007 (Commission, 1997: 8). In December 1995 the Videnov government applied for EU membership (Commission, 1997). Bulgarian PM Kostov argued in 1998 that membership of the EU and NATO was ‘the only way [to] bring economic prosperity, sustainable development and security to Bulgaria’ (Kostov, 1998 cited in Katsikas, 2012: 4).

When the Commission recommended accession for Bulgaria, Bulgarian Socialist Party (BSP) leader Parvanov declared that ‘Bulgaria has always had its place in the European family’ (Parvanov cited in Dimitrov, 2000: 113). Negotiations with the EU began formally in 2000, after the Helsinki European Council conclusions of December 1999 (European Council, 1999), and were concluded in 2004, leading to the June 2005 Treaty of Accession (Treaty of Accession, 2005). EU accession followed in January 2007.

Bulgaria embraced NATO membership as a goal in 1997 following the election of

---

76 ‘In the late 1970s some 60 per cent of Bulgaria’s hard currency earnings came from this source’ (Brown, 1992: 186).
the centre-right Union of Democratic Forces and, in 2005, the BSP was also re-elected as part of a three-party centre-left governing coalition (BSP-NMSS-MRF) ‘after years of gradually shifting toward the agenda of a mainstream European socialist party’ (Vachudova, 2008: 871). Accession was widely considered ‘a panacea for a new democracy, and confirmation of the country’s European credentials’ (Katsikas and Siani-Davies, 2011: 1; also Andreev, 2009: 379). Citizens for the European Development of Bulgaria (GERB) took 116 of 240 seats in parliament in the 2009 elections and Prime Minister Borisov formed a minority government supported by the ‘Blue Coalition’ of centre-right parties and the nationalist Ataka party, a ‘catch-all centre-right formation’ (Stefanovka, 2012: 768).

The Bulgarian public has been consistently supportive of EU membership. In February 2011 65 per cent of Bulgarians stated that they trusted the EU (compared to an EU average of 43 per cent) (Eurobarometer, 2010). By May 2013 trust had decreased to 54 per cent against an EU average of 31 per cent (Eurobarometer, 2013), though this is partly derived from a low trust in state institutions. In 2013, 15 per cent trusted political parties (16 per cent average in the EU), 16 per cent trusted the government (25 per cent in the EU) and 13 per cent trusted parliament (26 per cent in the EU) (Eurobarometer, 2013). In the same month, the centre-right opposition GERB party won most votes in the parliamentary election but lacked a partner to form a government, with a BSP-MRF government being formed, and in power by November 2013 (Reuters, 2013).

1.2. Bulgaria’s energy background and actors

This section provides an overview of the key actors in Bulgarian energy policy, with reference to Bulgaria’s history with the key supplier, Russia. The 2012 Bulgarian Energy Act governs natural gas production, import, export, transport, transit, distribution and trading, and established the Bulgarian energy regulator, the State Energy and Water Regulatory Commission (SEWRC). The single transportation operator, ‘Bulgartransgaz’ EAD (Bulgartransgaz, 2014), is responsible for both transit and storage, and Bulgargaz is the sole importer and distributor, holding the only natural gas public supply licence (Bulgargaz, 2014). Both are solely
owned by and directly subordinate to state-owned Bulgarian Energy Holding (BEH), created in 2008 (BEH, 2014). The fact that Bulgaria has one of the largest energy companies in the region is a result of ‘the belief is that the government is a good owner and a very good manager, [with] the ‘National Champion’, BEH, established as a result of this thinking’ (senior Bulgarian official #2, 2011). The Ministry of Economics, Energy and Tourism (MEET), responsible for the national energy strategy, is central to Bulgarian energy policy-making. In 2009 two directorates merged: Energy Markets and Restructuring and Energy Strategy were combined to create a mega-directorate (senior Bulgarian official #4, 2011). The MEET’s EU unit is considered by a senior official to be the ‘link between the Ministry and national coordination mechanism of Bulgaria’, and ‘prepares and approves all national positions, and functions like a Secretariat, preparing work for the Council of European Affairs (CEA)...succeed[ing] the [accession orientated] Ministry of European Affairs’ (senior Bulgarian official #3, 2011).

Russian gas has long had a significant role in the Bulgarian economy, exported to Bulgaria since 1974 (Gazprom, 2014). 90 per cent of Bulgaria’s oil and gas was imported from the USSR, and some was re-exported for profit to Western Europe (Katsikas, 2012: 223). In the late 1980s, subsidised prices were replaced by market prices, affecting Bulgaria’s exports to the West, and it has been claimed that since independence, Bulgarian energy supply and networks of contacts from the Communist period have been used to try and influence key Bulgarian energy policy decisions (Bonin, 2002: online; Ganev, 2007). This will be evaluated in detail in section 2.3. The 1990s also marked a period in which a contest over the rights for gas distribution within Bulgaria exposed Russian political and economic influence.

Gazprom effectively tried to take ‘control of the pipeline network crossing Bulgaria’, as part of a ‘set of agreements on economic and military cooperation’ signed in May 1995 between Russia and Bulgaria (Katsikas and Siani-Davies, 2011: 13). Bulgarian MP Lukanov (former member of the Bulgarian Politburo and first prime minister of Bulgaria) became an official representative of a Russian company, Topenergy (half owned by Gazprom), during negotiations with the Bulgarian government. The outcome was that the Bulgarian state controlled less than 50 per cent of shares in the joint venture importing and distributing Russian gas to Bulgaria. Ganev argues that
two years later Bulgaria was ‘buying the most expensive gas in Europe…[a] textbook example of a rent-extracting scheme: a private group was able to charge public institutions an artificially boosted price’ (Ganev, 2007: 105). A more pro-Western, Union of Democratic Forces (UDF), government led to a reversal of policy but also a reduction in Russian gas supplies before 12-year transit and import deals were signed in 1998 and extended to 2030 in 2006 (Katsikas and Siani-Davies, 2011: 14; Katsikas, 2012: 147-148).

2. Testing the hypotheses: Accounting for the influence of Bulgaria on EU energy policy development and implementation

As chapter two highlighted, the EU’s energy policy has shifted from a market-driven to policy objectives approach (Jaureguy-Naudin, 2012) and the utility of energy interconnections has changed. Once seen as ‘an instrumental part of the liberalization process’ and as a fundamental part of the development of internal energy market, they are now also considered key for energy security in the event of gas supply disruptions. This chapter considers the Bulgarian government’s role in policy development and implementation related to both gas interconnections with neighbouring countries, and two transit pipeline projects - the EU’s Southern Gas Corridor and Russia’s South Stream.

This chapter discusses how a perception of energy security and the positive nature of dependency on Russian energy (gas and nuclear) endured within the Bulgarian government until, and beyond, the parliamentary elections of 2009. It is argued that gas supply disruptions had an influence on national policy after January 2009, as did a change of government (H₁), but that strong historical relations and trade and energy dependency (H₃) resulted in a lack of interest in participating in and shaping EU energy security policy development (H₂) in the first two years of Bulgarian EU membership. Meanwhile, enduring obstacles since accession have been exacerbated by administrative weakness and a lack of institutionalised regional groupings.

77 The extra cost incurred by Bulgaria has been estimated (compared to the France Gazprom import price) at €85 million per year, compared to the €105 million infrastructure World Bank loan in 1995/6 (at January 2006 exchange rates) (Ganev, 2007: 105).
2.1. Perceptions of energy security

This section looks at the extent to which energy security policy development and implementation has been a priority for Bulgarian governments since accession in 2007 and the effect of the 2006 and 2009 gas supply disruptions, as well as and energy price increases. In doing so it tests hypothesis one, examining the perception of energy security and dependency on Russian gas over time, showing that it has only become a policy area addressed since around 2011. It will argue that not until 2009, or even 2011, was energy security considered a national priority and that objectives which have matched the EU’s have, in the past, been mere rhetorical commitments.


The vulnerability of Bulgaria to gas supply disruptions, derived from high dependence on a single source and transit route, was highlighted in January 2006 when Russian gas was stopped for a day (Silve and Noël, 2010). Bulgaria was vulnerable to supply disruptions due to a lack of interconnections with neighbouring countries and also because of a lack of diversity in gas sources. In 2009, Bulgaria imported 89 per cent of its petrol, 92 per cent of its natural gas and 100 per cent of its nuclear fuel from Russia (Bulgarian Government, 2011b). Energy import dependence was 40 per cent in 2010 compared 52.6 per cent for the EU (Eurostat, 2014), though categorising nuclear fuel as an import results in energy import dependence in excess of 70 per cent in 2010, predicted to reach 77 per cent by 2030 (Bulgarian Government, 2011b).

It has been argued that energy security was not a government priority prior to EU accession, as Bulgaria was an energy exporter until EU accession conditionality forced the closure of blocks three and four of the Kozlodoy Nuclear Power Plant, before which people ‘always felt secure because of nuclear assets’ (senior Bulgarian NGA #6, 2012). In the 1990s Bulgaria had successfully positioned itself as a regional energy supplier. Excess capacity existed after the rapid shrinkage of the country's industrial sector following the closure of uncompetitive plants after 1989.
and because Greece and Turkey, the largest economies in South Eastern Europe, lacked the capacity to supply expanding demand (Bechev, 2011: 30). The Bulgarian Government’s 1999 Energy Strategy (MEE, 1999: 11) foresaw continued dependence on Russia as a single supplier, with ‘transit of Russian natural gas via Bulgaria as a means to achieve more beneficial and guaranteed price conditions’. As a result, diversification of gas supplies was not one of the five gas priorities (MEE, 1999: 35), nor was it in the 2002 Bulgarian Energy Strategy (2002: 20).

Despite the 2006 gas supply disruption, Bulgaria was no better prepared when another, more serious, disruption hit in 2009. The 2009 gas supply disruption lasted 20 days from 6 January and affected hospitals, schools and other public buildings (Sutton, 2009; Pirani et al., 2009: 53). 386 industrial units were affected, with total economic losses estimated at BGN500 million [€250 million] (Energy Regulators, 2010). The country had gas storage enough for only two to three days and to cover only 35 per cent of gas demand (Gas Coordination Group, 2009). A lack of gas interconnections limited access to expensive gas imports from Greece in the last days of the disruption (Georgiev, 2010; senior Bulgarian official #4, 2011).

The 2009 disruption was considered to be a 'wake-up call' and policy window for action within the MEET (senior Bulgarian NGA #4, 2011; senior Bulgarian NGA #6, 2012). As an NGA stated, ‘opinion changed, as no one envisaged that gas could be disrupted from Russia, it was considered impossible, now the perception is [that] supply is very insecure, with the realisation that there is no absolute security’ (Bulgarian NGA #1, 2011). In 2011 energy security was considered to be key to national security, at least rhetorically. The MEET stated that it was ‘one of the main priorities of the government’ (Bulgarian official #4, 2011) and the 2011 Energy Strategy concluded that ‘diversification of the sources and routes for supply of natural gas is important for the country’s national security and energy independence’ (Bulgarian Government, 2011b: 5). The 2011 National Security Strategy noted that ‘[h]eavy dependency on energy resources creates economic and political vulnerabilities’ (Bulgarian Government, 2011a: 35).

---

78 Dreyer et al. argued that this was in part due to the fact that Bulgarian ‘domestic gas monopolies… had no incentive to invest in infrastructure for interconnections with other markets or in storage capacity’ (Dreyer et al., 2010).
Until 2011, however, there was little evidence that a change in the perception of dependence on Russian energy from positive to negative was more than rhetorical. Government officials in the MEET stated that there was no change in focus or resources after January 2009 (Bulgarian official #2, 2011; senior Bulgarian official #4, 2011). The Commission considered the diversification of Bulgaria’s energy mix to have increased only marginally between 2007 and 2011\(^{79}\) and in 2013 ranked Bulgaria as remaining one of the most energy vulnerable member states (Commission, 2013a: 83).\(^{80}\) EU proposals included a 2007 Trans-Caspian energy corridor (Commission, 2007b: 25), and a Southern Gas Corridor\(^{81}\) as one of the EU’s six priority infrastructure actions in 2008 (Commission, 2008a). In 2011, the Commission proposed ‘guidelines for trans-European energy infrastructure’ and North-South gas infrastructure.\(^{82}\) All three required Bulgaria’s involvement to implement regional interconnections,\(^{83}\) but as the rest of the chapter will demonstrate, Bulgarian activism and influence on energy policy development and implementation until at least 2011 was very limited.

The two gas supply disruptions, and the lack of domestic gas storage or regional gas interconnections to ameliorate the impact of these events provided a wake-up call, particularly as Bulgaria pays a high price for gas in an undiversified market with a monopoly supplier; the most expensive gas in Europe was found in Bulgaria during the April to September 2012 period (Commission, 2012c). This is considered in further detail in section 2.3.

\(^{79}\) Diversification of energy mix – 0.27 in 2007; 0.29 in 2011. Diversification of the energy mix is calculated as the sum of the squared market shares of countries of origin of oil imports (the Herfindahl Index), over natural gas, total petrol products, nuclear heat, renewable energies and solid fuels (Commission, 2013c: 40).

\(^{80}\) Based on the N-1 formula; the ability of infrastructure to ‘satisfy total gas demand in the event of disruption of the single largest gas supply infrastructure, during a day of exceptionally high gas demand occurring with a statistical probability of once every 20 years’ (Commission, 2013a: 17).

\(^{81}\) EU energy objectives for a Southern Gas Corridor date back to 2002, when the Nabucco gas pipeline was first proposed, and 2004 with a Baku Initiative focused on integrating Caspian states into the EU’s energy market. In 2005, Bulgaria signed an agreement for co-operational activity in relation to Nabucco (Commission, 2007b: 25). The source(s) of the gas are intended to be the Caspian Basin, Central Asia, the Middle East and the Eastern Mediterranean Basin.

\(^{82}\) These built on objectives set out in 2006 (Commission, 2006a), and the 2011 proposal was approved by the EP and Council in 2013 (EP and CoEU, 2013: 62-63).

\(^{83}\) In the case of a future gas supply disruption this would permit the reverse flows from countries with an excess of supply, and is also essential for the Commission’s objective of developing an internal energy market.
As chapter one concluded, security of supply is socially constructed. Security of energy supply is defined by ‘vulnerability to crisis’; probability of supply disruptions, impact on economy and society as well as the capability of member states to manage and mitigate a crisis (Pointvogl, 2009: 5706). It is also based on perceptions and normative assumptions of energy indicators and energy dependence. In explaining the delays in interconnection infrastructure development, an opinion was that ‘the concept of insurance in Bulgaria is not popular, which undermines diversification’ (Bulgarian NGA #3, 2011). Within the government it was considered that planning for infrastructure such as interconnectors was based on ‘bring[ing] in the minimum only, to say ‘we have energy security’, not as a nucleus for market integration and the internal market’ (Bulgarian official #1, 2011).

Elections in 2009, following the second gas supply disruption in three years, had an effect on the energy discourse and policies of the Bulgarian government. In August 2009, the incoming GERB government announced a review of all Russian-sponsored energy projects which the previous government had committed to (the Burgas-Alexandroupolis oil pipeline, the Belene Nuclear Power Plant and the South Stream gas pipeline). The oil pipeline project was cancelled in 2010 and Belene in 2012 (MacDowall, 2012). The 2011 Bulgarian Energy Security Strategy reflected this shift in policy. Between the draft Energy Strategies created under the BSP administration in 2008 and 2009 and the 2011 version, the government removed the objective of signing long-term gas contracts with Russia (which expired at the end of 2012) (Bulgarian Government 2011; also 2008; 2009), reflecting the will of the Prime Minister and Energy Minister (senior Bulgarian official #2, 2011). In 2011 the Minister of Energy Traikov implied that Russia was no longer a reliable (energy) partner, ‘We need to...buy only from reliable partners...Energy security is not a factor in economic prosperity, but also a key part of national security’ (Traikov cited in Novinite, 2011a).

However, the Prime Minister and President had divergent preferences in this period, with the latter in 2009 backing the continuation of the outgoing BSP administration's enhanced dependence on Russia, warning that ‘the large energy [Russian] projects

84 Sovacool and Vivoda found that in China, India and Japan, perceptions of security of supply ‘do not reflect the reality of fossil fuel import dependence in the three countries’ (Sovacool and Vivoda, 2012: 961).
are an investment in Bulgaria's energy security’ (Parvanov cited in Novinite, 2009). This is important as though the President has limited power, there is some ambiguity as to when the President or Prime Minister is responsible for foreign affairs (Katsikas, 2012: 80) and not until 2011 were both roles occupied by GERB politicians.

Rosen Plevneliev, a GERB party candidate, won the November 2011 presidential election, and was perceived in Bulgaria and Russia to be more critical of dependence of Russia (Novinite, 2011d). In September 2011, the Russian Kommersant newspaper reported that ‘if Mr. Plevneliev is elected head of state, Russia will lose a key partner in Bulgaria- current President Georgi Parvanov’ (Kommersant cited in Novinite, 2011c). Plevneliev reasserted the objectives of completing the Bulgaria-Turkey and Bulgaria-Greece gas interconnectors by 2013 (though these deadlines were missed as section 2.4 evaluates) and the Bulgaria-Serbia and Bulgaria-Romania interconnectors by 2014 to ensure ‘energy security and independence’, stating that ‘[o]ur country will not be Russia's Trojan horse, it will be Russia's door to Europe and Europe's door to Russia’ (Plevneliev cited in United Press International, 2011).85

The EU’s 2010 Security of Supply Regulation also obliged member states to be able to cope with the effects of disruption of the single largest gas infrastructure (N-1) (Regulation (EU) No 994/2010) and led to pressure for compliance and a change in Bulgarian energy policy. In May 2013 the Commission remained concerned that, ‘[h]igh gas import dependency coupled with supply dependency on one source and an inefficient energy market (market concentration reaches 97 per cent) expose Bulgaria to significant supply shocks and relatively high gas prices’ in purchasing power standards (Commission, 2013c: 22).

These costs and the suspicion that they are inflated due to a lack of competition and long-term, oil-linked contracts are factors that have led to the investigation launched in September 2012 by the Commission into whether sales of Russian gas by Gazprom in Central Eastern Europe, including Bulgaria, were anti-competitive (Commission, 2012i). This will be considered in further detail in section 2.3, which

---

85 Also in 2012, Plevneliev stated that, ‘from a political standpoint, it is very important to prioritize the Southern Gas Corridor, because for me this is a political act [of] solidarity towards a project that will lead to true diversification’ (cited in Rilska, 2012).
concerns the extent to which Bulgaria-Russia economic and political relations have constrained or incentivised energy policy activism (in terms of diversification policies) at the national and EU level.

2.1.2. Conclusion

The 2009 gas supply disruption focused attention within the newly elected GERB-led government on diversifying sources of gas supply (and supply routes), a priority objective of the Commission since the 1960s and of the Council since 2006 (and to a greater extent since 2009). This convergence of objectives and also Bulgaria’s potentially key role in achieving this through its transit state status in several EU Southern Gas Corridor projects (and Russia’s South Stream gas pipeline project), gave the Bulgarian government the incentive and the opportunity to shape policy-making in the area. However, as this section demonstrates, there was a lack of political will to implement energy objectives until 2012, which is partly explained by the effect Russia had on constraining Bulgarian activism at the EU level and policy implementation at the national level. This is considered further in section 2.3. The relative weakness of regional alliances and administrative capacity were also important factors in accounting for Bulgaria’s influence on EU policy-making and implementation and are evaluated in sections 2.4 and 2.5 respectively. As a result, progress on implementing interconnection projects and energy security objectives was slow in Bulgaria.

2.2. Diplomatic skill and credibility as an energy policy actor

This section will discuss Bulgarian activism, diplomatic skill and demonstrable expertise at the EU level. It will assess diplomatic learning and socialisation in the context of EU energy policy development and implementation, primarily with regard to Bulgarian gas interconnections. Bulgarian governments have faced challenges in being able to upload preferences to the EU level. This is partly related to administrative capacity, examined in section 2.5. It is also related to a learning process associated with EU accession, as outlined in chapter one. For example Levitz and Pop-Eleches (2010) assumed that ‘elite-level interactions’ contributed towards
socialisation of EU norms and also appropriate and effective actions at the EU level. EU membership derived interactions are thus hypothesised to aid learning, and interview data confirmed that whilst this was the case, the process for Bulgarian officials was a slow one.

2.2.1. General involvement in EU energy policy-making and implementation

A senior government official noted that the 2004 enlargement benefited the Bulgarian government, who ‘watched closely the way [NMS] acted since 2004’ (senior Bulgarian official #4, 2011). Despite this learning, in 2011 a senior government official confirmed that four years after accession it was the ‘EU [which] forms the energy trends…we are not yet able to effectively influence the EU…we need to “sing in the same choir”’ (senior Bulgarian official #6, 2011). Within Council Working Groups and the Commission, argued one senior government interviewee, ‘psychologically it feels like we are the new classmate in the room, who has not prepared for the lessons…In Brussels people know each other but Bulgaria remains a stranger’ (senior Bulgarian official #2, 2011). EU working methods, policy-making and the ‘rules of the game’ were not yet considered by a senior government official to be internalised or ‘routine’ in 2011 (senior Bulgarian NGA #2, 2011), though it was considered by a senior official that these working groups and the European Regulators' Group for Electricity and Gas (which became the Agency for the Cooperation of Energy Regulators (ACER) in 2011) provided a forum for exchange of expertise and information with other NMS actors (particularly those from Poland) (senior Bulgarian official #4, 2011).

The 2011 National Security Strategy stated far more explicitly than the 2008 draft (written by the BSP led government) that ‘[n]ational security is essentially contingent on energy stability’ (Bulgarian Government 2011: 38). The Strategy also emphasised support for the formulation of common EU energy policy, supply diversification and interconnections (Bulgarian Government, 2011a: 38-39). In 2011, Foreign Minister Mladenov argued that ‘Bulgarian interests are best protected when all of the EU speaks with one voice to suppliers from third countries. It is time to stop the practice of 'divide and rule' in European energy policy’ (Mladenov cited in...
Novinite, 2011b). In the same year Energy Minister Traichov, stated that ‘I want to assure Commissioner Oettinger, you can continue to rely on the support of Bulgaria in the efforts to achieve unity among member states on energy issues’ (Traichov cited in Novinite, 2011b).

However, a reactive style of energy policy-making and implementation focused Bulgarian diplomacy, in the first post-accession years, on the decision-making phase in the Council of the EU (Gärtner et al., 2011: 92; senior Bulgarian official #7, 2011; senior Bulgarian official #2, 2011; senior Bulgarian NGA #3, 2011; Bulgarian NGA #5, 2013; senior Bulgarian official #6, 2011; UK official #1, 2012). Yet even efforts at the Council level were considered lacklustre by a senior Commission source - ‘activity within the Council was minimal…[and] not very influential’ (Commission #7, 2013). A NGA interviewee in Brussels considered that the energy objectives of Bulgaria had been unclear and as a result there had been ‘no such thing as Bulgarian lobbying’ at the EU level86 (senior Bulgarian NGA #6, 2012). A reactive policy-making response was also derived from the lack of priority that energy policy was given by successive Bulgarian governments until at least 2009 (beyond the campaign to prevent the Kozlodoy Nuclear Power plant partially closing); energy import dependency on a single source was considered by the government to be a guarantor rather than threat to energy and national security until this point (as outlined in section 2.1).

2.2.2. Transit pipelines: Russia’s South Stream and the EU’s Southern Gas Corridor

In the wake of the 2009 Russian energy project freeze by Bulgaria, both Bulgarian Deputy Foreign Minister Raykov (Raykov in RIA Novosti, 2010), and Prime Minister Borisov stated that the Nabucco pipeline and the EU’s Southern Gas Corridor remained the priority (Euractiv, 2010b). In December 2011, the Bulgarian Deputy Minister for Energy reiterated this (Kosev cited in Lev.bg, 2011). Prior to the new government in 2009, Bulgarian participation in Russia’s South Stream project

86 ‘[They are] not sure what they want, the Bulgarian Government government, or what they want to achieve…No one [in the Bulgarian administration] knows what the interventions should be [because of a] Centralised Borisov administration’ (senior Bulgarian NGA #6, 2012).
had been agreed by Russian Prime Minister Putin and Bulgarian President Parvanov in 2007 (Government of the Russian Federation, 2010).

Though South Stream was recommended to the Commission in a report by Ramboll as a Project of European Interest (Ramboll, 2009: 18), it was not part of the Commission’s 2008 Energy Green Paper objectives (Commission, 2008e). Between 2011 and 2013 it was confirmed by Energy Commissioner Oettinger that it was not an EU priority, as it diversified transit routes but not supply sources (Oettinger cited in Commission, 2011i; Natural Gas Europe, 2013).

In early 2011 the Nabucco project was threatened by German RWE and Austrian OMV leading to a (failed) proposal to move the project from a Public Private Initiative (PPI) to a private consortium, and Romania and Hungary threatening to leave. Here Bulgaria’s activism at the EU level had a positive impact on the proposal. A letter from the Bulgarian MEET (initiated by the Bulgarian MFA (BMFA)) on 18 April 2011 proposed maintaining a PPI project with equal participation and this was supported by the Commission and participating member states (Bulgarian official #1, 2011).87 The Bulgarian government also secured a European Investment Bank (EIB) €1.2 billion banking guarantee to finance Bulgaria's participation in Nabucco, as part of the EU’s Southern Gas Corridor (Iliev, 2011). In April 2012 the Bulgarian government declared a shorter Nabucco West pipeline project an ‘object of national importance’ potentially accelerating permits and licences (Socor, April 2012), though the project was postponed in June 2013 after the competing TAP pipeline won the bid for gas from Azerbaijan’s Shah Deniz II gas field (TAP, 2013). Joining with the TAP pipeline became a Bulgarian government objective, with the TAP pipeline and ICGB signing a MoU aimed at establishing the ‘technical cooperation’ that could lead to gas from Azerbaijan reaching Bulgaria (TAP, 2014).

In November 2012, Bulgaria signed a final investment decision with Russia for the South Stream pipeline and in the same year the Commission warned that ‘Bulgaria needs to play a more proactive part in opening up the Southern Gas Corridor’ (Commission, 2012d: 19). It appears that the Bulgarian government used

87 This also demonstrated ‘inter-institutional competition at the national level, as it was a MEET letter, but the MFA initiated it’ (Bulgarian official #2, 2011).
commitment to the EU’s Southern Gas Corridor partly as leverage in negotiations with Russia on South Stream, though as section 2.3 explores, Bulgarian energy policy has been constrained by the Bulgarian-Russian political and energy relationship.

2.2.3. Interconnections

A November 2008 a Commission proposal (which became an EU Regulation in July 2009) allocated €354 million to gas and electricity infrastructure projects, with co-financing of €45 million\(^{88}\) for the Bulgaria-Greece interconnection, and €8.93 million for the Bulgarian-Romanian interconnector (EP and Council, 2009d). Though one senior government interviewee considered this a success for Bulgaria (senior Bulgarian official #3, 2011), others, both within and outside the government consider this ‘not a Bulgarian initiative. [It is] a Commission initiative, and this drives everything. They propose. We react’ (senior Bulgarian official #4, 2011; also senior Bulgarian NGA #3, 2011). Despite financing being proposed in 2008 and granted to Bulgaria in 2009, no interconnection projects were completed by 2013. In May 2012, the Commission commented that ‘[e]xisting measures to tackle energy dependence are inadequate. So far the construction of new gas infrastructure has been slow’ (Commission, 2012d: 19).

The 2008 (Bulgarian Government, 2008) Energy Security Strategy draft, or ‘Concept’, stated that ‘[s]ecurity of natural gas supplies for the Bulgarian industry and population’ would be derived through ‘[t]imely negotiation of quantities of natural gas for the domestic market – from the main supplier and/or from alternative routes and sources (interconnections with neighbouring countries)’ (Bulgarian Government, 2008: 66). The key here is that interconnections were an option for improving security of gas supply, but not an objective, and there was no timeframe for the implementation of strategic objectives (CSD, 2009: 8). The 2011 Bulgarian Energy Security Strategy made numerous references to interconnections as a ‘short-term investment measure ‘which must be immediately adopted’ (Bulgarian Government, 2011b: 11), but with no objective for commencement or completion.

\(^{88}\) Though it was claimed by Marini that Bulgaria had requested €100 million (Marini, 2009).
dates. These priorities are also made explicit within the National Security Strategy, but again without a timeframe (Bulgarian Government, 2011a). This was considered within the government to be a reflection of a lack of long-term strategic thinking that is examined in more detail in section 2.5 (Bulgarian official #2, 2011).

Objectives without detail reflected the pre-2009 perception that dependency on Russian energy resources was unproblematic, as concluded in section 2.1 a Russian monopoly on gas exports was thought not only to secure supplies, but also to lower prices. As a result Bulgarian objectives reflected those of the EU, but only in rhetoric, and not in implementation. Prime Minister Borisov acknowledged implementation delays in 2012 that ‘if we have to compare energy under the previous government and now, there is no difference…We are yet to hold ground-breaking ceremonies for gas interconnections this year’ (Borisov cited in Leviev-Sawyer, 2012).

The Commission concluded in 2012 that Bulgaria had failed to adhere to its legal commitment in the 2010 Regulation on security of gas supply (EP and CoEU, 2010) to, ‘complete without further delay the on-going investment projects on gas interconnectors (in particular with Romania, Serbia and Greece) and make physical and contractual reverse-flow possible on the interconnector with Turkey’ (Commission, 2012d: 18-19). In 2013 the Council’s opinion was the same, that ‘Given its considerable dependence on a single energy route, Bulgaria is highly exposed to the risk of supply shocks…gas interconnector projects should be speeded up to improve diversification and security of supply’ (CoEU, 2013: 9). In section 2.4 the issue of gas interconnectors will be revisited, in the context of regional groupings and alliances.

Pressure for compliance and a change in Bulgarian energy policy increased as a result of the EU’s Security of Supply Regulation, a Regulation that obliged member states to be able to cope with the effects of disruption of the single largest gas infrastructure (N-1) (Regulation (EU) No 994/2010). The Commission has offered frequent admonitions regarding Bulgaria’s failure to implement gas interconnections (as well as gas storage expansion) in a timely manner (including Commission, 2012d: 18-19 and Commission, 2012e: 77). Delays have not only slowed the

---

89 To provide ‘for a period of at least 30 days in case of the disruption of the single largest gas infrastructure under average winter conditions’ (EP and CoEU, 2010: 11).
realisation of Bulgarian Energy (Bulgarian Government, 2011b) and National Security objectives (Bulgarian Government, 2011a), but have also been punished by the Commission due to the failure to adhere to Third Energy Package legislation regarding specifically gas interconnection reverse flow capacity (EP and CoEU, 2009b). The Commission opened an infringement case in June 2009 and followed this with up with reasoned opinions in June 2010 (Commission, 2010a). In November 2011, full compliance had not been achieved and the Commission referred the case to the CJEU (Commission, 2011j). The trial began in September 2013 (Novinite, 2013b).

A successor to the 2002 Energy Security Strategy was delayed until 2011, despite a draft being produced in 2008, and was perceived to not focus sufficiently on diversification (Bulgarian official #1, 2011). Both the 2008 energy security draft (or ‘concept) (Bulgarian Government, 2008) and the 2011 energy security strategy (Bulgarian Government, 2011b) were also criticised as ‘react[ing] to EU legislation and Directives [as] there is a lack of long-term strategic planning, a lack of awareness of what to follow up [and] no culture of policy and strategy assessment’ (Bulgarian NGA #2, 2011). The Strategy was considered by a former senior official to be ‘more of an EU strategy than a national one’, a ‘vision rather than implementation plan, very broad with a lack of detail’ (senior Bulgarian NGA #2, 2011). It was perceived to represent ‘a wishlist’ (senior Bulgarian NGA #2, 2011), ‘largely mirroring the EU strategic documents’ (CSD, 2010: 79). As section 2.4 notes, this strategy omitted a timeline for the implementation of projects, and has affected the ability to upload these ill-defined national energy security preferences.

This is also related to administrative capacity, which is assessed in section 2.5. In 2011 it was concluded by a senior government official that there was a ‘lack of expert level participation at the EU level’ (senior Bulgarian official #2, 2011). Instead, ‘we respond to Brussels…[because] their policy documents are a far better quality than those produced in Sofia’ and as a result ‘national policy is reactive to the EU’ (senior Bulgarian NGA #3, 2011). Relevant to this section, it was several years after accession in 2007 that it was recognised within government that it was too late to introduce national positions at Council summits (UK official #1, 2011), and that a

---

80 35 requests were sent to 20 member states in June 2010 (Commission, 2010a).
‘position on all [energy] issues is now the norm. In 2007, it was more the implementation of legislation and the reaction to it’ (senior Bulgarian official #3, 2011).

2.2.4. Conclusion

The first years of EU membership have been characterised by Bulgaria acting as a ‘passive member at the EU level, wary of offending major partners, and with the mentality of a junior partnership’ (UK official #1, 2012; also senior Bulgarian NGA #5, 2011). Learning to make effective contribution to policy and decision-making has proven to be an ongoing process. Since 2011, a new political will has been demonstrated to implement EU energy objectives, if not to contribute to them. This change of perception regarding dependency on Russia is related to hypothesis one, that of a policy window for change at the national and EU level, providing leverage within Bulgaria against vested interests advocating a continuation of status quo pro-Russian energy policies. From 2011, both the Prime Minister and President were from the same party, which led to less inter-institutional conflict on policy. However, Bulgaria’s commitment to the Southern Gas Corridor has been questioned and it seems likely that rhetorical commitment to this EU project has provided Bulgaria with more favourable bilateral terms on South Stream and gas import contracts, rhetorically committing to both as a ‘very smart’ (senior Bulgarian NGA #1, 2011), ‘hedging’ (Giamouridis and Paleoyannis, 2011: 73) strategy, whilst being insufficiently committed to EU objectives (Bulgarian NGA #2, 2011). Overall, however, Bulgaria has been largely absent from attempts to shape EU energy policy and until 2011 had also failed to implement EU energy policy and legislation.

2.3. The constraining role of Russia

This section considers how the role of Russia, in terms of energy and political relations, has affected the development and implementation of Bulgarian energy policy. It is argued that energy policy until 2009 was affected and constrained, to a large extent, by the economic (including energy trade) and political relationship with Russia. Since 2009 it is argued that this relationship has continued to constrain
Bulgaria energy policy in terms of formation and implementation of national and EU energy policy objectives, though to a lesser extent since 2011. In turn this has undermined the uploading of national energy preferences to the EU level.

2.3.1. Bulgarian energy dependency on Russia

For the Bulgarian economy, there was reorientation away from Russia by the late 1990s, but this was followed by strengthening of economic interlinkage in the 2000s - Bulgarian exports to the Russian Federation accounted for more than 33 per cent of total exports at the beginning of the 1990s but only two per cent at the end of the decade, rising to 6.8 per cent in 2009 (Katsikas, 2012: 143). Imports from the Federation at the end of the 1990s were 25 per cent of Bulgaria’s total imports, rising slightly to 31.3 per cent in 2009 (Katsikas, 2012: 143). Russia remains Bulgaria’s largest import trade partner and largest partner in terms of trade turnover, with a trade deficit of €4.7 billion in 2012 and the trend is for an increase in Bulgaria’s trade deficit with Russia, driven by the rising cost of continued energy imports (Bulgarian Government, 2013).\(^9\) Minchev (2011) highlights that the high import figures confirm a ‘concentration and centralization point toward the [continued] dependency not only of Bulgaria’s energy sector, but also on the overall economic system of the country on Russia’. Dependency on Russia is also considered to be ‘the most structural impediment and most important characteristic of Bulgarian energy policy’ (senior Bulgarian NGA #4, 2011).

An official of the MEET explained that ‘Russians interfere to defend their market’ (senior Bulgarian official #7, 2011), and Bulgarian energy policy is still considered to be ‘reactive to what Russia dictates’ (Bulgarian NGA #2, 2011). This is thought to be a result of Russian energy actors having successfully penetrated ‘into the highest political levels over time, regardless of their political affiliation’ and because of this ‘the import of energy sources becomes a serious channel for political influence coming from outside’ (CSD, 2010: 32; also Minchev, 2012: 9). An informal network of key energy actors educated in Moscow are considered to provide a closely knit group professionals in government and the private sector; ‘They worked in the same

\(^9\) The trade deficit with Germany is the second largest, at €700 million (Bulgarian Government, 2013).
Communist party committees (and Manchev and Ovcharov studied together in Moscow). [They] recruit their own people into state-owned bodies and companies…and there is no formal instrument to purge the Energy Ministry’ (senior Bulgarian NGA #4, 2011; also Bulgarian NGA #3, 2011; senior Bulgarian NGA #6, 2012; senior Bulgarian official #2, 2011; Minchev, 2012: 11).

This circulation of elites, also found elsewhere in CEE (for example, Szelényi and Szelényi, 1995; Rivera, 2000), remains characteristic of the energy sector in Bulgaria, where there is considered to be a ‘closed circle of energy experts’ (CSD, 2010: 31). A Commission interviewee acknowledged that ‘Bulgaria is a special case. There is a strong link with Russia. Not easy for them to change radically their link, so Russia has a strong influence’ (senior Commission #1, 2013). Finance Minister Djankov commented in 2009 that until then Bulgarian energy policy had been dominated by a principle of ‘anything Russia wants’ (Djankov cited in Bloomberg, 2009).

Whilst Dimitrov (National Assembly Chairman of Economic Policy, Energy and Tourism Committee) and Energy Minister Traikov are very supportive of interconnector projects, and energy experts have a consensus of support, outside of government it is perceived that the ‘political factor [of] Russia is a stumbling block’ and that the obstacle is ‘political rather than technical’ (Bulgarian NGA #2, 2011), that ‘sabotage from high up explains the lack of action on the N-S gas corridor and interconnectors’ (senior Bulgarian NGA #3, 2011). The same non-governmental energy expert concluded that whilst ‘DG Energy has supported interconnectors, things are being held up on the Bulgarian side’ (Bulgarian NGA #2, 2011; also Ivanov, 2011). In September 2011, the Commission carried out inspections at the premises of gas companies in several member states to investigate alleged abuse by Gazprom of its dominant market position (Commission, 2011k). A case was subsequently opened in September 2012 (Commission, 2012i):

92 ‘The members of the Bulgarian energy oligarchy are a relatively easy target of corrupt involvement also because of their intense personal relationships to the Russian energy executives — common education at economic and engineering schools in Moscow, long-lasting friendships, marriages and all other kinds of informal bonds’ (Minchev, 2012: 11); ‘We all understand Gazprom’s divide and rule. They have a lot of friends in Bulgaria. They are more friendly with the Socialists [but] use personal contacts to increase political clout, rather than increasing energy security’ (senior Bulgarian NGA #6, 2012).
First, Gazprom may have divided gas markets by hindering the free flow of gas across member states. Second, Gazprom may have prevented the diversification of supply of gas. Finally, Gazprom may have imposed unfair prices on its customers by linking the price of gas to oil prices\footnote{This was admitted by Gazprom’s Alexander Medvedev in November 2012, that the new contract between Bulgaria and Gazprom ‘preserved the principle of long-term contracts pegging to oil products’ (Gazprom, 2012).}...[which] may constitute a restriction of competition and lead to higher prices and deterioration of security of supply (Commission, 2012i: online).

Bulgaria is a small gas consumer. Within the EU only Sweden consumes less gas, and the economic crisis decreased consumption to 1976 levels. Bulgarian national consumption amounts to only 1.6 per cent of Gazprom’s exports, and the company has a monopoly on exports to Bulgaria (Georgiev, 2011). As a Bulgarian think tank notes, ‘the monopoly position of importers gives them the opportunity to apply prices exceeding those of the international markets’ (CSD, 2010: 32). Similarly a Polish think tank argues that negotiating positions with Gazprom depend on the size of the gas market, on ‘access to alternative sources of gas...as well as on the business and political links which the individual companies had with Gazprom’ (OSW, 2011).

As section 2.1 illustrated, there is no European market price for gas. Gas imports are supplied by one company, Gazprom, transported via Ukraine (through one pipeline), and bought and resold by Bulgargaz, a subsidiary of the state-owned BEH. Consequently, ‘there is no diversification whatsoever in the national gas market’ (Georgiev, 2011). The result is vulnerability to gas supply disruptions and price changes.

With little to no competition in domestic gas markets these countries have less leverage to negotiate gas price reductions on their long-term (up to 25 year) contracts. France, Italy and Germany succeeded in negotiating a three year gas price reduction in 2010 (Belton and Crooks, 2010), and a further 10-15 per cent discount in 2012 (Paszyc, 2012). In the second quarter of 2012, ‘Bulgaria paid an average of 42.2 €/MWh’ against an ‘EU cost for Russian gas of typically close to or above 35 €/MWh’\footnote{Bulgaria has been tied into long term oil-indexed contracts, which have also proved more expensive than the ‘spot’ price. In Q2 2012, the oil-indexed gas price was 38 €/MWh but the NBP spot price was just 24.2 €/MWh (Commission, 2012c).} (Commission, 2012c: 11). Bulgaria experienced a 50 per cent increase...
in prices between the first half of 2011 and the first half of 2012, against an average increase in the Russian gas export price to Europe of ‘typically higher than 20 per cent’ (Commission, 2012c: 14). Russia has consistently incentivised involvement with the South Stream project through gas price discounts to countries including Bulgaria. The incoming GERB-led government suspended major energy projects with Russia in 2009, leading to a ‘steady stream of Russian warnings that South Stream would bypass Bulgaria if Sofia continued its feet-dragging’ (Sutton, 2009; Tsakiris, 2010) and Prime Minister Borisov stated that negotiations with Russia regarding South Stream had allowed his government to buy gas with a five to seven per cent discount in 2010 (Euractiv, 2010b). In 2012, the new Bulgarian Energy Minister stated that (Russian-backed) South Stream was ‘a priority for Bulgaria’, signing an intergovernmental agreement (‘road map’) (Dobrev cited in Marčenko, 2012).

This research then argues that the small size of the Bulgarian gas market is an important factor in leveraging negotiations with Russia and participating in energy policy developments and implementation. However, also important to negotiating positions is the role that the construction of energy security plays; the extent to which indicators of dependence and vulnerability are considered to be a threat to energy and national security (as discussed in section 2.1). This is, in turn, an explanatory factor in the (low) level of energy policy activism evaluated in section 2.2.

Between 2005 and 2009, the BSP-led government elected to progress with all Russian energy projects in the country in a period, as section 2.1 concluded, when energy security was considered to be guaranteed rather than threatened by dependency on a single source. In January 2008 agreements were signed regarding three major projects with Russia: the Belene nuclear power plant, Burgas-Alexandroupolis oil pipeline and South Stream gas pipeline (Russia Today, 2008). In the case of Burgas-Alexandroupolis, by obtaining 51 per cent Russian ownership in the pipeline, ‘Moscow was about to become a non-EU country exercising control over critical EU energy infrastructure’ (Assenova, 2011). After the 2009 election, all

---

95 ‘Bulgaria paid an average of 42.2 €/MWh, the Czech Republic 37.4 €/MWh, Estonia 33.1 €/MWh, Latvia 31.7 €/MWh, Lithuania 38.7 €/MWh, Hungary 30.1 €/MWh and Slovakia 31 €/MWh for Russian gas in that period’ (Commission, 2012c).
these projects were frozen, pending reconsideration by the incoming GERB administration. The Bulgarian government pulled out of the oil pipeline deal in December 2011 and confirmed in March 2012 the withdrawal from the Belene nuclear power plant project (Novinite, 2012b).

There is further evidence of the shift in energy policy which was concluded in section 2.1. with regard to gas contract negotiations with Russia, after the decision to remove a commitment to sign ‘long-term’ gas contracts with Russia between the 2008 draft energy security strategy and the final 2011 version (Bulgarian Government 2008; 2011b). A new contract signed in November 2012 removed Russian intermediaries thought to be increasing the price,96 and whilst it is a long-term, 10 year contract, on the sixth year there is the opportunity for Bulgaria to renegotiate the price and quantity (Andonov cited in Novinite, 2012c; Buckley, 2012; Novinite, 2012b). The GERB led government also asked the Commission to provide assistance in renegotiating the November 2010 South Stream agreement and this succeeded in bringing the contract into line with the EU’s Third Energy Package legislation in November 2012, permitting TPA (Łoskot-Strachota, 2011; Euractiv, 2010b; Bulgarian NGA #1, 2011; Commission #7, 2013).97

2.3.2. The South Stream gas pipeline

As a gas transit state Bulgaria currently receives transit fees from Russia for gas transited to Turkey, Greece and Macedonia via Bulgaria. In December 2006 a transit contract between Gazprom and Bulgargaz was extended from 2010 to 2030 (Gazprom, 2014). Bulgaria receives an estimated98 €130 million p.a. in transit fees99

96 It is believed that the Russian intermediaries present in the import of Russian gas until January 2013 significantly increased prices (Socor, 2010; also ICISHeren, 2009). The withdrawal of two intermediaries was thought to be an advantage to Bulgaria, and the two removed were Russian-Bulgarian Overgas (ownership: 50 per cent Gazprom, 50 per cent Overgas Holding) and Russian-German WIEE (ownership: 50 per cent Gazprom, 50 per cent Wintershall) (Dąborowski, 2012).

97 ‘Intergovernmental Agreements (IGA) have to now be submitted to the Commission, but commercial contracts are secret, and always have been. So [the tactic is] come to the Commission, and ask for legal opinion and infringement and [then] go to Gazprom. Bulgaria has asked for this (but their speed of doing so is different)’ (Commission #7, 2013).

98 Terms of the Gazprom-Bulgargaz deal of 2006 were not disclosed and Bulgaria’s gas deals with Gazprom are confidential because of a clause that requires the consent of both parties to make them public, with a request reportedly made by the Energy Minister (Traikov) rejected by Gazprom’ in 2010 (Novinite, 2010b).
(Konstantinova, 2010; ICIS, 2009). However, Bulgaria may have lost out on both of its price objectives in order to be part of the South Stream project and as a result diversify gas supply routes (though not source). First, the threat of losing out on South Stream transit fees to Romania\(^{100}\) contributed to an October 2010 feasibility study agreement and a ‘South Stream Bulgaria AD’ joint company (50 per cent owned by Gazprom) (Eurasia Energy Observer, 2011).

Second, in 2012 Energy Minister Dobrev acknowledged that Gazprom had offered gas price discounts in return for commitment to the project. Not signing the final investment decision on South Stream would have resulted in a BEH fine: ‘The Protocol provides that if “BEH” SA does not take a final investment decision [by the] 15 November 2012, the company will owe OAO “Gazprom” [the] sum of 70 million dollars. This amount represents the return of discount on the price of gas’ (Dobrev cited in Bulgarian Government, 2012a: paragraph 25). The South Stream agreement was signed on November 15 2012, in addition to another agreement for the Russian natural gas supplies for Bulgaria, which stipulated a 20 per cent discount as of 1 January 2013 (Novinite, 2012b). It has been argued by multiple sources that this apparent linkage is part of the Commission’s Gazprom antitrust probe (EurActiv, 14 November 2012; Gotev, 2012; Commission #7, 2013; Dnevnik, 2012).

In October 2013 a statement was released by the MEET that to contribute towards the cost of the pipeline construction, Bulgaria will take out a 22 year loan of €620 million\(^{101}\) at 4.25 per cent (MEET, 2013a). This is equivalent to €1,576.67 billion over the term of the repayment, or €71.7 million p.a. repayment until 2035. Despite this cost, the government claimed in 2012 that the transit contract from 2006 to 2030 will still apply, with revenue to Bulgartransgaz of ‘157 million dollars’ [€116 million] (MEET, November 15 2012). In 2013 this was estimated by the government

---

99 Ex-energy Minister Traikov claimed that: ‘The transit fees are very low ($1.7 [€1.4] per 1.000 cm/100km), they are among the lowest in Europe but it has been like this since the contracts for supplies and transit of Russian natural gas were signed in 1999’ (Traikov cited in Tsakiris, 2010).

100 Denied by Gazprom, but the threat existed implicitly or explicitly to omit Bulgaria and include instead Romania as a transit state for the South Stream gas pipeline (Euractiv, 2009).

101 Part of this increase is accounted for by the completion of repayments of a €620 million 22 year loan that BEH has taken out from Gazprom 2013-2035 (Bulgarian Council of Ministers, 2013).
‘to be equivalent to approximately [€]715 million by 2035’\(^{102}\) (MEET, 2013a), representing approximately €40 million p.a. to 2035. This represents a substantial decrease from the €116 million p.a. in 2011.

The key objectives of Bulgarian energy security policy have been to 1) diversify energy supplies and 2) increase competition in the gas market (Bulgarian Government, 2011b). Bulgarian participation in South Stream will partially achieve the first objective, in terms of diversification of supply route but not supply source. The effect of the South Stream agreement is that from 2018 to 2035 Bulgaria will receive €40 million profit p.a. from transit revenues, compared to €116 million at present. Bulgaria will then pay the equivalent of €76 million p.a. until 2035 to diversify the route of its gas supply from Russia. From 2036 transit fees will be increased as the loan will have been repaid. It is uncertain whether a monopoly supplier would offer competitive transit fees after this, unless there was competition in the market from other transit pipelines such as the EU’s Southern Gas Corridor (the commercial viability of which may be undermined by the implementation of South Stream).

The second objective, increasing competition in the gas market and security of pricing, seems unlikely to be realised through this project. Participation does not directly increase competition in the gas market and in potentially undermining the EU’s Southern Gas Corridor project(s) it may indirectly entrench the existing situation of monopoly supplies from a single source. It is uncertain whether import costs may be reduced to the extent that a loss of transit fees until 2036 will be compensated from lower import costs.

It has been reported that the Commission has warned that there are several elements of the IGA with Gazprom regarding South Stream that are incompatible with EU energy market legislation. An August 2013 letter from the Commission to the Bulgarian deputy energy minister Haritonova warned that ownership unbundling was not being adhered to and that; the tax arrangement with Gazprom could be in breach of EU state aid rules, that Bulgarian and Russian companies would be given preference in subcontracting, in breach of EU competition rules, and that the national

\(^{102}\) Though the Bulgarian Council of Ministers quote the figure as €515 million (Bulgarian Council of Ministers, 2013).
regulator (SEWRC) should be empowered to approve transmission tariffs which was not ensured in the IGA (Euractiv, 2014b). This was followed in December 2013 by a statement from the Commission that all IGAs on the route of South Stream were in breach of the Third Energy Package legislation (Euractiv, 2013).

As well as legal obstacles, there is opposition to the pipeline from the EP, which in an April 2014 Resolution, ‘takes the view that the South Stream pipeline should not be built, and that other sources of supply should be made available’ (EP, 2014: Paragraph 24).103 Bulgarian energy minister Stoynev argued in reaction to the EP Resolution, ‘it seems that South Stream should be sacrificed, and we have to put up with it. No, Bulgaria, this government will stand up for the national interest’ (Stoynev cited in Euractiv, 2014a).

2.3.3. Conclusion

High dependence on Russian energy imports, the economic, political and energy personal connections and a perception that high dependence on single source imports equates to energy security endures (as section 2.1 analysed). However, the gas supply disruptions, rising prices, EU legislation, and Commission support in negotiations is beginning to alter this. Until a change of government in 2009, the constellation of Russian economic and political interests undermined diversification objectives and Bulgarian government rhetorical commitment to EU energy policy objectives was weak. Until 2011/2012 the implementations of rhetorical commitments was also weak, and this is linked to political will and skill (2.2), the regional alliances evaluated in section 2.4 and also administrative capacity as discussed in section 2.5.

2.4. Regional alliances

This section will evaluate the role that institutionalised regional groupings and bilateral alliances have played in the formation and implementation of EU energy

---

103 The resolution was drafted by all five main political groups in the EP, though the S and D withdrew support because of the paragraph relating to South Stream (Euractiv (2014b)).
policy. This will focus on gas interconnections with neighbouring countries. The advantage of interconnections for Bulgaria is not only security of supply, but a strengthened role as an energy supplier, as well as regional economic and political power. Bulgaria supplied 60 per cent of the region’s electricity in the 1990s, until EU accession requirements to close down Kozlodoy three and four nuclear power plant reactors (Leveque et al., 2010: 177). This section will demonstrate weak regional energy cooperation involving Bulgaria until 2012, in stark contrast to Polish regional activism in the same period, where energy expertise and lobbying efforts at the EU level improved as a result of ‘coordination between stakeholders (in the V4) [which] has enhanced the stance [of Poland in the EU]’ (senior Polish official #2, 2011). The Bulgarian government invested less diplomatic energy (section 2.2) and accrued less benefit from regional or strategic alliances.

2.4.1. Regional grouping one: the Organization of the Black Sea Economic Cooperation (BSEC)

In 2008, the (BSEC Ministers of Energy decided to explore ‘the possibility of developing a BSEC regional energy strategy’ (BSEC, 2008: 3). Bulgaria played an active role as Country-Coordinator for the BSEC Working Group on Energy from August 2009 until December 2011. Bulgaria hosted an Energy Summit ‘Natural Gas for Europe: Security and Partnership’ in Sofia on 25 April 2009 and Energy Minister Traikov emphasised Bulgaria’s commitment in 2010 (Traikov cited in Novinite, 2010a). This was perceived a year later to have ‘set the scene for Bulgaria’s diplomatic involvement in projects in the wider Black Sea region…[and was] welcomed by other EU member states because of Bulgaria’s energy engagement with Russia’ (Raszewski, 2010: 146). In 2010, BSEC Energy Ministers signed a declaration ‘on the Establishment of an Integrated Black Sea Energy Market’ in Sofia, with the objective of a BSEC-EU Plan of Action on Energy (BSEC, 2010).

The Secretary General of the BMFA, Petkov, stressed in 2011 the need for ‘the creation of [a] Black Sea regional energy market’ (Petkov cited in BSEC, 2011) and in 2012 Naydenov, Deputy Minister of the BMFA, concluded that ‘we have to continue our work for the creation of a Black Sea regional energy market, including the construction of the necessary energy infrastructure’ (Naydenov cited in BSEC,
Despite these attempts by the Bulgarian government to develop a regional plan, at the five yearly Summit meeting in Istanbul in 2012 there was only a vague reference to the need to address challenges including energy security (BSEC, 2012a: 2). There was no mention of energy in the BSEC 2013 Economy Ministers Declaration (2013). A government interviewee considered these ‘limited efforts to create a focus on the discussion of a regional energy market’ to be undermined by a lack of continuity and diplomatic follow up, which supports hypothesis two discussed in section 2.2 (Bulgarian official #1, 2011).

However, it is also the case that the membership of BASEC reflected the heterogeneity of energy policy preferences of exporters and importers, limiting the momentum that Bulgaria could achieve in realising energy objectives outside of the policy window in the immediate aftermath of the 2009 gas ‘crisis’. As Bechev summarised:

> Despite the Commission’s preference for ‘synergy’ in working with local organisations such as BSEC, the presence of Turkey and especially Russia as pivotal players in the latter has been an impediment rather than an advantage. As relations with Turkey and Russia are both sensitive and of strategic importance for a majority of the member states, Bucharest and Sofia have had very limited opportunities for policy entrepreneurship (Bechev, 2009: 219).

### 2.4.2. Regional grouping two: The ‘Energy Community’

A ‘success’ for Bulgaria has been its position as one of the key actors and drivers in establishing the Energy Community in 2006, requiring members (EU and non-EU) in South Eastern Europe to implement parts of the *acquis communautaire*, with the objective of creating a single energy market. Bulgaria remains active in this forum for dialogue which is supported by the Commission (senior Bulgarian NGA #2, 2011). The group has proposed the Energy Community Gas Ring concept in May 2007, to link the gas markets of four EU neighbours (Bulgaria, Romania, Greece and Hungary) with the other seven South Eastern European gas markets.\(^{104}\) The objective was to ‘facilitate increased supply diversity by allowing supply to the ring from

---

\(^{104}\) Albania, Bosnia and Herzegovina, Croatia, UNMIK, former Yugoslav Republic Macedonia, Montenegro and Serbia.
almost any direction and from multiple directions’, ensuring each country is linked with at least two neighbours (Energy Community, 2009).


This proposal, to which Bulgaria is party, has succeeded in achieving the support of the multiple proposals which make up the EU’s Southern Corridor project, which have stated their projects are compatible with the Gas Ring concept (Interconnector Turkey–Greece–Italy (ITGI), TAP, BP and Nabucco) (Commission, 2011c). In October 2011, the Commission proposed closer links between the EU and the Energy Community, and in October 2012 the Energy Community adopted a regional energy strategy (Energy Community, 2012), which also provides an opportunity for Bulgaria, as one of the four member states within the grouping to contribute to regional positions and to learn about other member (and non-member) preferences (related to section 2.2).105

2.4.3. Regional grouping three: Visegrád plus (V4+)

Recently, the V4+ grouping106 has been considered a major regional opportunity for Bulgaria to influence EU energy policy (senior Bulgarian official #4, 2011). In January 2011 a V4+ Energy Security Summit concluded with a MoU which included the Commission (Commission, 2011g), and was shortly followed by a February 2011 European Council meeting, where the Hungarian Presidency (a V4 member) successfully proposed the N-S corridor initiative. This was formally approved by the

---

105 However, one member of the Bulgarian permanent group admitted that they have not attended for several years (senior Bulgarian official #4, 2011).
106 Austria, Bulgaria, Croatia, the Czech Republic, Germany, Hungary, Poland, Romania, Slovakia and Slovenia.
Commission and a senior government official commented that as a result Bulgaria ‘feels like a needed and valued partner within the V4+ on gas issues as a result of the country’s location’ (senior Bulgarian official #7, 2011).

A (V4+) HLG for North-South interconnections was also created in 2011,\(^{107}\) reflecting the Commission’s emphasis on regional cooperation; ‘The need to better coordinate priorities and energy infrastructure projects on a regional level in order to allow for better use of resources and achievement of desired goals’ (Commission, 2011g: 3). Chaired by the Commission and including Bulgaria in key infrastructure objectives in the region, this specific energy group facilitated elite level interactions after being set up on 9 February 2011. This allowed Bulgaria to ‘catch up [through] monthly meetings, and interaction with member states and the Commission’ (senior Bulgarian official #4, 2011), with the objective of promoting the implementation of energy infrastructure projects and improving ‘regional security of supply’ (BEMIP HLG, 2011a: 23).

The HLG comprises of Bulgaria, the Czech Republic, Hungary, Poland, Romania and Slovakia (with Croatia as an observer and the Commission as chair). The Group delivered an Action Plan (Commission, 2011h) and MoU (Commission, 2011g) in November 2011. A Bulgarian government official in Brussels commented on how this provided a useful forum for ‘a regular exchange of information’ and opinion between participants’ (Bulgarian official #4, 2013), yet linked to section 2.2 regarding the intensity of interest and activism at the EU level, a senior Commission official concluded in 2013 that ‘even here Bulgaria were very silent, and unwilling to speak’\(^{108}\) (Commission #7, 2013).

2.4.4. Rhetorical shift in policy in 2009, policy change from 2011

One senior NGA suggested that with ‘there is no excuse for the lack of regional

\(^{107}\) This followed the formation of another regional grouping that had excluded Bulgaria, the Visegrád High Level Group on Energy Security; a Polish initiative that explicitly linked itself to the discourse of the Lisbon Treaty’s Article 194, ‘[d]riven by the spirit of solidarity and cooperation, and encouraged by the objectives of EU energy policy as outlined in the Treaty of Lisbon’ (V4, 2010b, italics added).

\(^{108}\) The same was true for Hungary, Romania and Latvia. Poland was active here too, however (Commission #7, 2013).
energy cooperation’ beyond a ‘lack of political will’ in Bulgaria (senior Bulgarian NGA #4, 2011). However, as noted by a senior MEET employee, completion of regional interconnection projects is based on ‘strong regional cooperation and coordination’ (senior Bulgarian official #6, 2011). Political will is a necessary but not sufficient factor when projects involve two states. Yet, interviewees considered that Black Sea initiatives have suffered from a lack of funding, a ‘disparity of historical development and opposing interests in energy [which] results in an impotent project’ (senior Bulgarian NGA #3, 2011; Bulgarian official #2, 2011). They were considered ‘useful, but mainly [for] talking, without real progress’ (senior Bulgarian NGA #1, 2011; also Chatre and Guedes, 2012: 63).

Linked to section 2.2, the impact of Bulgaria on policy development and implementation has been limited outside of the Commission-chaired HLG on N-S interconnections. Until 2009, Bulgaria did not take a leading position on regional energy matters (senior Bulgarian NGA #2, 2011; senior Bulgarian NGA #6, 2012; Stoyanov, 2013109). The argument of this chapter is that Bulgarian energy policy activism was limited until 2011. An example is the Black Sea Forum for Partnership and Dialogue, started in 2006 as a Romanian initiative, with Bulgaria an observer. Dimitrova noted that the organisation held only the one meeting (Dimitrova, 2012: 8). Within the Bulgarian government there was in 2011 an awareness of ‘energy as a geostrategic and economic opportunity and capacitive advantage – this could be our role in the region...[though] Bulgaria does not play a decisive role in the area yet in politics and in energy’ (senior Bulgarian official #6, 2011). The 2011 Energy Strategy stated that a ‘short-term investment measure…which must be immediately adopted with a view to guaranteeing gas security are testing of the reverse connections and construction of interconnections with neighbour countries’ (Bulgarian Government, 2011, emphasis added).

The lack of strong regional groupings prior to 2011 is linked to the characteristics of the post-communism transition period in Bulgaria. In the 1990s and early 2000s, there was resistance to exerting much diplomatic capital on the cultivation of regional schemes. A 2002 survey found that local elites resisted regional schemes, seeing them as ‘designed, promoted and implemented by powerful outside actors’

109 ‘After the intensive works between 1998 and 2003 no major activities took place until 2011’ (Stoyanov, 2013: online).
(Anastasakis and Bojicic-Dzelilovic, 2002 cited in Bechev, 2011: 41). Participation in the BSEC and Central European Free Trade Agreement (CEFTA) was initially believed to undermine the country’s prospects of joining the EU and the Bulgarian National Assembly resisted ratifying membership until 1998. Post-accession, the main diplomatic efforts are not with neighbours, or other NMS; a senior Bulgarian government official confirmed that the priority was ‘communicat[ions] with the Commission and the big member states’ (senior Bulgarian official #4, 2011). Bechev argued that delays in accession to NATO and the EU, relative to other CEE states, ‘made the objective even more salient for politicians of different stripes and colours. In effect, this meant giving regional politics lower priority’ (Bechev, 2009: 216-217).

Since the N-S HLG was set up in January 2011, interconnections have progressed and pressure from the Commission and regional partners in the HLG is likely to have contributed to the acceleration of interconnection projects. The Commission’s objective was to ‘[f]oster regional cooperation and intra-trade by promoting constructive inter-dependence between 7 markets of the region’ (Commission, 2011d). This was based on the EU’s security of supply Regulation (994/2010) which proposed energy cooperation between Bulgaria, Greece and Romania, with the opinion that, ‘regional cooperation reflects the spirit of solidarity and is also an underlying concept of this Regulation’ (EP and CoEU, 2010: 22).

As this section has demonstrated, institutionalised regional groupings have often been ad hoc in nature and not the priority of the Bulgarian Government. A study published by the Commission concluded in 2010 that: ‘Due to the heterogeneity in size and differing interests of members, the Region (South-South-East) has probably suffered more than others from the drawbacks of the voluntary and cooperative approach…that is to say a certain organisational looseness and lack of commitments’ (Commission, 2010d). There does appear to have been an improvement to the coordination and outputs of regional groupings involving Bulgaria since 2011 and this is linked to a prioritisation of the EU to address weak regional groupings in South Eastern Europe.

The European Council in February 2011 reiterated the objective of completing the Internal Energy Market by 2014 and in March 2011 the Third Energy Package entered into force, which included the creation of the ACER. Under the Third
Energy Package member states ‘are required to cooperate with each other and to promote the cooperation among TSOs [such as Bulgartransgaz], both at regional and EU level’ (ACER, 2011). ACER’s objective is to coordinate ‘Regional Initiatives’ and ‘act an overall supervisor’ (Palle, 2013).

Bulgaria is involved in six interconnector projects\(^{110}\) with Greece, Serbia, Turkey and Austria (via Romania and Hungary) which are part of the ‘Gas East’ and ‘Southern Gas Corridor’ Priority Corridors that were allocated ‘Project of Common Interest’ status in October 2013 (Commission, 2013f). As such they ‘will benefit from faster and more efficient permit granting procedures and improved regulatory treatment. They may also have access to financial support from the Connecting Europe Facility (CEF), under which a €5.85 billion budget has been allocated to trans-European energy infrastructure for the period 2014-20’ (Commission, 2013g).

The Romania-Bulgaria interconnector’s (IBR) Memorandum of Understanding (MoU) was signed in June 2009.\(^{111}\) In March 2009 the EU set aside €3.98 billion for the European Energy Programme for Recovery and in March 2010 provided €8.9 million for the IBR (Commission, March 2010); €4.4 million for the Bulgarian section, with Bulgartransgaz committing €2.7 million in co-funding (MEET, November 2013c). Bulgarian Deputy Energy Minister Aiolov estimated in October 2013 that the gas connection will be operational in January 2014, after a May 2013 deadline was missed (Aiolov cited in Zlateva, 2013). EU financing of €45 million was committed for the Bulgaria-Greece Interconnector (IBG) after it received joint-venture backing from Italian Edison, BEH and Greek Depa in July 2009 (Silve and Noël, 2010: 7).\(^{112}\) Energy Minister Traikov stated in December 2010 that gas would ‘flow in the interconnection pipe [by] early 2013’ (Traikov cited in Tsakiris, 2010), though in November 2013 it was confirmed that was delayed until 2015 (Novinite, 2013a).\(^{113}\)

\(^{110}\) Including the interconnections, plus reverse flow and increased capacity. There is also one gas storage project for increasing capacity at Chiren in Bulgaria. These seven key energy infrastructure projects are part of a list of 248 (Commission, 2013f).

\(^{111}\) IBR initial capacity will be around 0.5 bcm/y (1.5 bcm/y maximal technical capacity) (MEET, November 2013c).

\(^{112}\) With a capacity of 3-5 bcm/y (Commission, 2012a).

\(^{113}\) The interconnection with Serbia (IBS) is due in 2015, following a MoU on 14 December 2012, with a capacity of up to 1.8 bcm/y of natural gas (in both directions), with the opportunity to further increase the volumes up to 4.5 bcm/y (MEET, November 2013a). Though this is two years later than...
2.4.5. Conclusion

Delays are also linked to a lack of political will, as discussed in section 2.2, itself linked to a lack of concern about energy insecurity, as concluded in section 2.1. An additional referral to the CJEU is discussed in section 2.5, related to these factors, but also a lack of administrative capacity. A combination of EU legislation (and fines for non-compliance) and EU supervision and coordination have between 2011 and 2013 contributed towards a commitment to not only develop corresponding diversification policy, but to implement it too. Cooperation has largely been restricted to ad-hoc high level meetings. Whilst it does seem like Bulgaria did not prioritise regional groupings for developing and implementing energy policy, it was not alone in this.

2.5. Administrative capacity

In 1997, the Commission’s opinion regarding Bulgaria’s general administrative capacity was that ‘[t]he current administrative capacity necessary for issuing new regulation to adapt to the acquis and to implement this regulation in practice...seems insufficient’ (Commission, 1997: 61). In 2011, weak administrative capacity was still considered by a former senior government official to be the main obstacle to effective projection of national interests at the EU level (senior Bulgarian NGA #2, 2011). This section argues that administrative capacity is an important factor in accounting for Bulgarian activism in EU energy policy development and implementation, and that the relative weakness of this has undermined Bulgarian influence and ‘uploading’ capacity. This is related to two main which will be examined in turn: 1) Bureaucratic culture, and 2) Low pay and resources and the effect on staff recruitment, retention and expertise. Also considered are the effects this has had on energy policy-making and the implementation of policy.

---

the plan in March 2010 (Dimitrova, 2010). According to Svetlana Marinova from the MEET, the Bulgarian section of the gas grid interconnection is expected to cost around BGN92.6m, with 99% of the funds to be provided under the EU’s Competitiveness Operational Program (Marinova cited in Novinite, 2013a). Also planned, and in the pre-feasibility studies stage is an interconnector between Turkey and Bulgaria with a minimum capacity of 3 bcm/a (MEET, 2013).
2.5.1. Bureaucratic culture and a lack of independence for the State energy regulator (SEWRC) and BEH

Interviewees pointed to a highly hierarchical bureaucratic culture in Bulgaria as an obstacle to effective energy policy-making, which includes strict rules of communication and a formality of procedures which can hinder communication and efficiency (Bulgarian NGA #1, 2011; senior Bulgarian NGA #2, 2011). This corresponded with the comment by Noutcheva and Bechev (2008: 128) that in Bulgaria administration is ‘considered a transmission belt for the implementation of the party-state’s policies from the top-down to the grassroots level’ and (Gärtner et al., 2011: 92) noted that priorities remain ‘mostly formulated by the political cabinets of the ministers and do not necessarily reflect the public interest’. There is thought to be a culture of ‘make no decisions have no blame’ and a ‘tendency to filter everything regarding decision-making upwards...this slows down decision-making’ (UK official #1, 2011; Bulgarian official #2, 2011). It also emasculates more junior staff, who have ‘no opportunity for initiative, challenges and responsibility’ (senior Bulgarian NGA #3, 2011; also Bulgarian official #2, 2011). Horizontal communication is considered to be ‘mainly informal and insufficient’ (senior Bulgarian NGA #2, 2011; also Hristova-Kurzydlowski, 2012), with ‘no institutionalised meetings between units and directorates’ (senior Bulgarian official #4, 2011).

Several non-governmental energy experts in the summer of 2011 commented on the difficulties faced by Energy Minister Traikov in implementing gas interconnections, ‘layers of opposition’ to diversification policies (senior Bulgarian NGA #3, 2011; also Bulgarian NGA #4, 2011), including divergent opinions within the administration ‘leading to a disconnect’ (senior Bulgarian official #7, 2011). The ex-energy minister was considered to work ‘outside’ of the Ministry, with his own advisers (Bulgarian NGA #3, 2011), which corresponds to the conclusions of Gartner et al. (2011) and Noutcheva and Bechev (2008).

Traichov was sacked in March 2012, with Prime Minister Borisov stating that ‘this is the most serious ministry, but already [in] three years we have only just begun. If you need to compare the energy [situation] of the previous Government and now, there is no difference. We are no more independent’ (Borisov cited in Publics.bg, 2012).
There is also thought to be a culture of nepotism and informality, and historically governmental bodies provided well-paid, secure, and prestigious employment to people connected to the party leadership (Noutcheva and Bechev, 2008: 128) and to an extent this endures, with remnants of ‘a passive and patronage-based public administration’ (Adreev, 2009: 388). Non-governmental experts claim that junior civil servants face a ‘kinship environment’ in ministries and state institutions’, which inhibits employment opportunities (senior Bulgarian NGA #3, 2011). If you want to have a career then you have to be close to appointees (Bulgarian NGA #3, 2011).

The SEWRC, in operation since 1999, employed 128 staff in 2011 with an annual budget of BGN 3.6 million [EUR 1.87 million], though the Commission concluded in November 2012 that ‘[i]ts budget is insufficient to cover oversight of all the sectors it is responsible for and there are concerns about the stability of its management. The government has intervened in regulatory and management matters’ (Commission, 2012: 74). This was reiterated six months later, with statements that the ‘[t]he regulator is still not provided with the necessary means to fulfil its tasks and responsibilities as defined in the third energy package’ (Commission, 2013: 22) and concerns that reforms in the ‘energy sector, lack the ambition needed to address the challenges in a comprehensive way’ (Commission, 2013: 6).

BEH is considered ‘too close to the government and is not an independent entity with government as shareholder as the law states it is’ (senior Bulgarian NGA #3, 2011; also senior Bulgarian NGA #2, 2011). This ‘deprives BEH of corporate decision-making and identity’, politicises decision-making (with the Energy Minister commenting on behalf of BEH rather than the managers) and undermines competitiveness (senior Bulgarian NGA #2, 2011). The regulator, SEWRC, is not considered to be independent (Ivanov, 2011), and, important for a state with limited financial resources, ‘BEH virtually duplicates the functions of the Ministry of Economy, Energy and Tourism’ (Stefanov et al., 2011: 7).

---

115 ‘Bulgaria should ensure regulatory independence for the Transmission System Operators, based on the Third Energy Package, and should implement and enforce internal market legislation in the field of consumer protection. A legal framework should be put in place to guarantee the independence of the energy regulator and give it the necessary resources to carry out its tasks as defined in the Third Energy Package’ (Commission, 2012: 18).
2.5.2. Low pay and resources

The Security of Energy Supply Directorate employed 29 staff in 2007 and 20 in summer 2011, reflecting a wider pattern of decreasing numbers employed in government ministries (senior Bulgarian official #1, 2011). This is not in itself a problem, but it was considered by a senior government official that expertise was lost due to a high turnover of staff and that the budget for energy policy did not increase in response to the 2006 and 2009 gas supply disruptions (senior Bulgarian official #4, 2011). Low wages are considered to lead to problems with staff recruitment and retainment. An official in the MEET acknowledged that, ‘expert staff are ageing, and young engineers [with technical knowledge] are not coming through...they tend to leave after being trained...[but] continuity is required for long term energy projects’ (senior Bulgarian official #7, 2011). It is ‘very hard to find well qualified staff with technical expertise as remuneration in the industrial sector is so much higher’ (Bulgarian NGA #1, 2011; also Bulgarian NGA #4, 2011).

Bechev comments on the ‘uncompetitive salaries relative to the private sector, the low level of human capital, the presence of corruption, over-regulation and the lack of technological improvement’ (Bechev, 2011: 120; also Stefanov et al., 2011). Low pay inhibits administrative capacity, and has been acknowledged by the MEET - ‘The level of pay in the state administration sector is not competitive with the level of pay in the private sector. The financial and non-financial means for retention and motivation of highly qualified staff are very limited’ (Bulgarian official #4, 2011). In January 2012, Energy Minister Traikov admitted his Deputy Minister was paid just BGN1520 [€780] a month (cited in Novinite, 2012a). For directors in ministries pay is approximately BGN800 to BGN1200 a month (€400 to €600) so ‘they [also] coordinate EU projects and act as consultants to secure extra income’ (Bulgarian NGA #1, 2011; also senior Bulgarian NGA #3, 2011).

High ranking Energy Ministry staff also have jobs on the boards of state companies, limiting time spent on ministerial work and increasing the informal channels of influence. There is a perception that because of this ‘double hattedness...the energy strategy and objectives are clouded by membership of boards of energy companies, and that this results in a lack of neutrality and objectivity in ministries’ (senior Bulgarian official #6, 2011), and contributes to ‘rampant corruption’ in the energy
sector (Bulgarian NGA #3, 2011; also CSD, 2010). This situation also limits time spent on government policies (senior Bulgarian officials #4; #6, 2011).

Related to this, it is considered that a limited number of high profile energy actors contribute to a ‘very severe level of corruption in the energy sector (and beyond)’ (senior Bulgarian NGA #3, 2011, Sofia 2011; Sutton, 2009), due to a ‘revolving door stream of personnel from the state to the private sector and back with no adequate assurances with respect to avoiding conflicts of interest’ (CSD, 2011: 7). A senior interviewee in the MEET acknowledged that a result of the weakness of administrative capacity is the difficulty of major project planning (senior Bulgarian official #4, 2011). These ‘involve excessive consultancy fees... [which] have spawned a sizeable expert lobby… and has obstructed any independent and objective analysis of problematic issues related to project implementation’ (Stefanov et al., 2011: 34). As ‘a result of weakly implemented legislation, [there are] ample opportunities for the capture of the (weak) administration by (strong) corporate interests’ (Stefanov et al., 2011: 6-7).

Interviewees within and outside of government noted that ‘there is a lack of young independent experts working on energy’ and a ‘huge brain drain’ to the Commission and private companies after one to two years of work in the public sector (Bulgarian NGA #3, 2011; also senior Bulgarian NGA #1, 2011; senior Bulgarian officials #2 and #3, 2011). These recruitment, and particularly retainment, difficulties accentuate the problems of developing coherent energy policy. Expertise commands far higher salaries in the private sector and abroad than in Bulgaria's public sector. There is as a result a lack of expertise within government on energy policy (senior Bulgarian NGA #6, 2012). Linked to EU-national coordination, Panke concluded that ‘EU knowledge in the line ministries was limited and that staff regularly do not see the need to respond quickly to EU demands...domestic work priority over EU issues is the rule rather than the exception’ (2010b: 778). In Brussels one opinion was that, ‘Bulgaria’s administration is very hierarchical, and they receive very little support from Sofia’ (Hungarian official #1, 2013).

The number of people in Brussels working on energy is considered insufficient by an official in the MEET, as they ‘cannot always attend all the relevant meetings' which affects the provision of summaries and formation of Bulgarian positions and
subsequent ability to 'lobby effectively' at the EU level (Bulgarian official #3, 2011; also senior Bulgarian NGA #3, 2011). This was also noted by Thorhallsson and Wivel (2006), who noted that if instructions arrive late at the Permanent Representations in Brussels, it is difficult to shape negotiation outcomes, and that this effect is exacerbated for small states. Similarly, Panke commented that Bulgaria ‘face[d] frequent delays, which means that instructions are very often not developed in time for the beginning of negotiations but only become available during later stages of working group negotiations or in some instances only when issues move up to COREPER level’ (2010b: 771) and that ‘lead ministries have relatively little autonomy, which is likely to decrease the speed of domestic coordination as well as the quality of instructions’ (2010b: 778).

2.5.3. Effects of weak administrative capacity on national energy policy-making

In energy policy formation, strategic decision-making is perceived to be lacking, ‘ministries have scenarios based on unjustified assumptions...an unscientific approach to analysis and costing...are more like policy pieces’ (Bulgarian NGA #2, 2011), with a ‘very formal, risk averse’ consultation procedure which can ‘cripple’ policy documents (senior Bulgarian NGA #3, 2011). A non-governmental view in 2011 was that the nine year gap in producing a successor to the 2002 energy strategy was linked to a tendency to reactive policy-making within Bulgarian energy policy. It is considered that there is a lack of energy analysts within government and ‘no policy-making strategic centre for the government’ (UK official #1, 2011). The MEET admits that weak administrative capacity has resulted in:

Some cases of a small delay in submission of documentation and implementation of tasks...as well as the analysis and outline of long-term actions for concrete obligation...[t]here were some difficulties in giving a real and thorough evaluation of the impact of the newly proposed EU Acts (Bulgarian official #3, 2011).

There are a relatively small amount of non-governmental energy experts in Bulgaria, and those that work in the industry possess limited independence, given that most are ‘employed in the sector or provide consultancy services to it’ (CSD, 2010: 35). The
combination of this and weak administrative capacity undermines strategic decision-making, with the perception that ‘lobby group information and analysis [was accepted] without questioning it due to a lack of technical knowledge’ (Bulgarian NGA #2, 2011). Historically there has been a lack of transparency regarding energy policy-making; a process which one Brussels commentator concluded was summarised by the motto, ‘successful communication is no communication’ (senior Bulgarian NGA #6, 2012; also Katsikas, 2012: 68). This is gradually changing. Previously, the ‘old guard had expert knowledge, and were courted by all as holders of such elite knowledge. Now knowledge is becoming more diffuse, yet the old guard still know better how the system works (procedural knowledge’) (senior Bulgarian NGA #3, 2011).

2.5.4. Effect on implementing energy policy and legislation

In the run up to accession in 2007, there was a ‘special provision for those working on EU issues, providing pre-accession “islands of excellence” such as those found in the work related to preparation for accession transposition of legislation (Bulgarian NGA #3, 2011). This ended in 2009 (formally ending in 2010, but there were no payments in the final year). ‘Pre-accession, procedural knowledge and expertise was high, 1999-2006 [but the] best and brightest moved to Brussels and private business’ (senior Bulgarian NGA #3, 2011). It was set up to provide a stimulus to accelerate accession, and there was the feeling that ‘accession was the end of the Bulgarian efforts, even though the Commission is constantly proposing, and transposition is constantly required’ (senior Bulgarian official #4, 2011).

In addition to problems creating and implementing government policy, weak administrative capacity has severely affected EU fund absorption capacity, ‘developing policy documents has been successful in terms of downloading the policies from the EU, but there have been issues with implementation and absorption of EU funds’ (Bulgarian NGA #2, 2011; also UK official #1, 2011 and; Tsachevsky, 2010: 35). The Commission has blamed this on ‘a persistent lack of institutional capacity…causing critical delays in implementing the necessary reforms and in absorbing EU funding’, with, for example, absorption of structural and cohesion
funding only 26.7 per cent in January 2013\textsuperscript{116} (Commission, 2013c: 3).

Already noted in section 2.4 was the CJEU trial regarding lack of interconnections, which began in September 2013. In addition to this, the Commission issued warning letters (Reasoned Opinions) in February 2012 due to delays in liberalising the gas market in Bulgaria (Commission, 2012j). The Bulgarian State transmission operator, Bulgartransgaz, refused to provide details regarding the volume of spare capacity in the gas network (to facilitate competition), citing a confidentiality clause in the transit contract with Gazprom (Marčenko and Dimitrova-Lefterova, 2012). Nitzov et al. noted in 2010 that the Bulgarian gas market ‘exhibits full legal, but zero actual liberalization’ (2010: 6), and in January 2013, the Commission referred Bulgaria (and Estonia and the UK) to the CJEU for ‘failing to fully transpose the EU internal energy market rules’ by 3 March 2011…For Bulgaria, for each partially transposed Directive, the Commission proposes a daily penalty of €8448 [€3 million p.a.]…to be affirmed by the Court (Commission, 2013j). This is linked to section 2.2, on the political will to develop energy-policy and to also implement it, as well as the weakness of administrative capacity discussed in this section.

\textbf{2.5.5. Conclusion}

The weakness of administrative capacity in Bulgaria has undermined the development of national energy policy and also the implementation of policy objectives shared with the EU (as noted in 2.4 in particular). It has also negatively affected Bulgaria’s ability to remain informed of EU level policy developments and to contribute to them (as discussed in section 2.2), leaving Bulgaria as a minor, and passive, EU energy policy actor despite its key location as an EU gas transit state.

\textbf{3. Conclusion}

It has been argued in this chapter that the explanation for Bulgaria’s influence on EU policy development and implementation is related to the five hypotheses derived from chapter one’s conceptual framework: Policy windows of opportunity for energy

\textsuperscript{116} Though this was an improvement on 2011, when absorption capacity of structural and cohesion funds was just 19 per cent (Bulgarian Government, 2012b; Commission, 2012d: 21).
policy developments (H1); Diplomatic skill and learning over time (H2); The (constraining) influence of Russia (H3); Regional and strategic alliance building (H4); The relative strength of administrative capacity (H5). The evidence presented in this chapter suggests that hypotheses one and three were the most important factors in explaining lack of Bulgarian activism and influence in energy policy at the EU level. The conclusions in terms of the relevance of each hypothesis to the Bulgarian case are summarised below, and are in a comparative analysis with the other two case studies in chapter six.

A significant factor in explaining the scale of influence of Bulgaria on the development and implementation of EU energy policy has been the (constraining) influence of Russia discussed in section 2.3. As such hypothesis three is strongly supported. This stems from historically derived structural dependency on Russian energy sources and the lack of alternative gas diversification opportunities, as well as the path dependencies of the communist and early post-communist political culture and practices, including the enduring cultural, political, economic and informal linkages within the country. The web of energy and trade interests within the country has led to an embeddedness of status quo energy interests in the economy and political context, undermining diversification objectives developed largely since 2009, when energy import dependence on a single source was considered an energy security guarantee rather than threat.

As evaluated in section 2.1, which tested hypothesis one, for reasons of price, gas supply disruptions and a new government, there was a shift in the perception away from a positive dependency on Russian energy imports. The extent to which these are now considered to be a threat to (energy) security rather than a guarantor are, however, considerably less than the case in Poland and Latvia, yet since 2009, energy policy changes in Bulgaria have been seen as necessary. This has been demonstrated, initially rhetorically, through objectives set out in the national energy and security strategies and since 2012 these changes have been increasingly implemented within Bulgaria, representing a convergence with EU energy policy. Between 2009 and July 2012 there was no progress on gas interconnections, and whilst there were consistent claims regarding the importance of the diversification energy projects, between 2007 and 2013 the Bulgarian energy sector and energy mix
remained the same; dependent on Russia for nuclear, oil and gas. Europeanisation of energy policy was mainly one way; that of downloading to energy and national security strategies.

The delays in utilising EU co-financing for energy projects are linked to the broader weakness of administrative capacity and the low absorption capacity of EU funding noted in section 1.3. It has been argued in section 2.5 that hypothesis five regarding administrative capacity, has been a salient factor in explaining the difficulties in the formation and implementation of an independent energy policy within Bulgaria, and the failure to play an active role in EU energy agenda-setting, policy-making and policy implementation. Promoting national positions at the EU level is significantly undermined by problems of recruitment, retention, resources and bureaucratic culture. Reacting to EU policy development rather than contributing to it can be explained also by a lack of political will to develop and then implement energy policy objectives or to take a proactive role at the EU level. In turn, it is hypotheses one and two that are the most important in explaining this failure, and also in accounting for inconsistent efforts to develop regional cooperation. Hypothesis four has then been a factor in explaining (the lack of) Bulgarian energy policy uploading, related to the lack of strong institutionalised sub-EU regional groups.

Linked to administrative capacity, overall, Bulgaria has proven to be a passive energy actor at the EU level, expending little diplomatic effort to shape the agenda or policy outputs relating to natural gas and energy security, or to implementing EU energy policy (particularly until 2011). As such, any evidence of learning, or socialisation has been limited. Within the government there is some optimism that the country will learn from its EU Presidency in 2018, which could temporarily overcome some of the financial constraints to agenda-setting (Bulgarian official #6, 2013). Interconnection objectives have moved closer to implementation since 2012 and this has occurred simultaneously with the cancellation of two of three planned major energy projects with Russia. Withdrawing from the Belene nuclear power plant and Burgas Alexandroupolis oil pipeline between December 2011 and March 2012 has demonstrated a success in countering pressure for a bundled deal with Russia on major energy projects. Vested interests in the maintenance of Russian energy dependence have also promoted projects that ran counter to EU objectives of
energy supply diversification, particularly notable during the BSP administration to 2009.
CHAPTER FIVE: THE CASE OF LATVIA

1. History and introduction

After examining agenda-setting and Europeanisation uploading in chapter one, the context of EU energy policy development in chapter two, and the cases of Poland and Bulgaria in chapters three and four respectively, the thesis now examines Latvia as the third and final country case study.

The chapter examines how Latvian energy policy has adapted to EU membership and considers various explanations for the relative success that Latvian governments have had in playing an active and influential role in EU policy development and implementation, and in particular the BEMIP. As with the Polish and Bulgarian case studies, the success of preference uploading is hypothesised to be linked to five factors that mediate the uploading process; what is attempted to be uploaded, how and with what success. They comprise the hypotheses tested in this deductive research: Perceptions of energy security (H₁); diplomatic skill (H₂); the role of Russia (H₃); regional alliances (H₄) and; administrative capacity (H₅). The latter relates to energy (in)dependence and diversification opportunities and trade relations with, in this case, Russia. The thesis also argues that energy security as a concept is contested and socially constructed, rather than being directly correlated with objective indicators. As a result, understandings of energy security and how to maintain or increase this are nationally specific.

In the preceding chapters, the thesis discussed the qualified success of Poland regarding placing the concept of an energy security solidarity mechanism in EU energy policy objectives and legislation, ‘communitarianising’ the policy field, and increasing the role of the EU in a previously national policy area. This was contrasted with the relative passivity of Bulgaria in energy security policy (specifically gas). Both cases were tested with reference to five theoretically derived hypotheses. These are also now applied to the Latvian case and in particular to the origins, development and implementation of the EU’s BEMIP. The objective of this regional, EU promoted plan is to identify, coordinate and contribute to the financing and the implementation of energy infrastructure; to connect the Baltic ‘energy island’

¹¹⁷ Latvia in this case refers to the Latvian state (government, energy elites working for the state), not civil society.
to the EU’s internal energy market. The desired effect is to increase internal energy security through connection to an internal energy market leading to increased competition and lower prices, and increased external security through mitigation strategies in the case of a gas disruption.

The chapter will consider each of the five hypotheses in turn, to evaluate the role of each factor in accounting for Latvian activism in EU energy policy and implementation. The chapter will demonstrate in section 2.2 that diplomatic skill and learning over time, has been a significant factor particularly with regard to promoting the ‘energy island’ narrative of Latvia and the Baltic countries (H₂). Section 2.3 evaluates how the country’s historical dependency on Russian energy sources was a constraining factor until 2006 (H₃). Dependence constrained Latvian diversification policy, reducing the perceived necessity for diversification (security through positive import dependence) and raising the threat of diversification measures being penalised (leading to insecurity of uncompetitive and discriminatory pricing more than supply insecurity). Increasingly, institutionalised regional groupings are considered as an explanatory factor, and section 2.4 concludes that they have contributed to raising national and regional preferences at the EU level and leading to EU policy and legislation to address these issues (H₄). Yet when considering regional alliance building, this section highlights the important point that in the case of energy there has been as much competition as collaboration, particularly with regard to implementing regional energy projects. Weakness of administrative capacity (H₅) is considered, in section 2.5, to have had an effect on the ability of Latvian governments to shape policy development and implement policy particularly with respect to using the EU financing that is on offer.

The hypotheses are revisited in a more explicitly case comparative manner in chapter six, along with revisiting and relating back to the literature on Europeanisation, framing and agenda-setting. This chapter then provides the country case background and initial analysis. In chapter six the case study findings are reiterated and explained, and the research is situated within the literature. The comparative strength of each hypothesis is evaluated to consider how applicable they are to explaining the influence of the three NMS compared, and to assess the generalisability of them beyond these three.
1.1. From independence to post-accession: Integration into the EU and relations with Russia

The third case study country of this thesis testing NMS energy policy activism within the EU is Latvia, a country that joined the EU in 2004. This chapter begins with an analysis of historical relations between Latvia and the EU, and Latvia and Russia. The latter relationship is key, as Russia has long been a major economic and energy partner and one which influences Latvian energy policy. Related to the conceptual frame outlined in chapter 1, Ruggie has argued that state strategies are ‘[a] matter not merely of defending the national interest but of defining it, nor merely enacting stable preferences but constructing them… constrained by…instrumental rationality…[and] ideational factors [such] as identities’ (1998b: 878).

From 1940 until 1990, the Baltic states of Latvia, Lithuania and Estonia were constituent republics of the Soviet Union (in contrast to the other case studies, Bulgaria and Poland). A declaration of independence in May 1990 was followed by de jure and de facto independence in August, and independent elections in 1993 (Pabriks and Purs, 2001: 61). The Baltic States’ ‘sought to emphasize the Europeanness of their identities in contradistinction to Russia, thereby creating a reality that placed the three states in the West, beyond Moscow’s reach….through EU membership’ (Mole, 2012: 151). Relations with the EU were established on 27 August 1991 and admittance to the PHARE programme occurred in December 1991, with an Agreements on Trade and Commercial and Economic Cooperation and Free Trade Agreements following in May 1992 and July 1994 respectively. Latvia became a member of the Council of Europe in February 1995 and a Europe Agreement was signed in June 1995 and entered into force in February 1998, with the EU’s Council of Ministers stating that this ‘symbolised the return of the Baltic States to the European family’ (CoEU, 1995). Latvia’s official application for EU membership was signed by the President and Prime Minister in October 1995 and there was a high degree of political consensus that accession represented ‘low domestic power costs…accompanied by potentially high gains in political security and autonomy resulting in clearly positive net political benefits of compliance’ (Schimmelfennig et al., 2003: 511) and the 1995 Latvian foreign policy guidelines confirmed the
objective of NATO and EU accession (Latvian Government, 1997).

The motivation for successive Latvian governments to join the EU was for economic gain, and also to provide a security guarantee (Galbraith, 2006; Jundzis, 2000: 126). Relations with Russia had been strained since independence, and in the early 1990s, Mole claimed that despite independence, Russian foreign policy towards the Baltic states sought not only to uphold Russian-speaking rights, but also to ‘carve out a sphere of influence in the Baltic near abroad and thus consolidate its great power identity’ (Mole, 2012: 125; also Schimmelfennig et al., 2003: 511). Latvian Foreign Minister Andrejevs in 1993 voiced security concerns, claiming that ‘Russia, by using [its diaspora] as a fifth column…is seeking to create a situation enabling forces which are not Latvian to come to power and to annex Latvia to Russia’ (Andrejevs cited in Spruds, 2009b: 107). NATO membership was also seen as an essential security guarantor (Galbraith and Lasas, 2011: 266) and was an objective since the end of the Soviet Union. Latvia became a NATO partner country in 1991, with accession talks in January 2003 and accession to the group in March 2004 (NATO, 2004), though NATO accession was resisted by Russia (Mole, 2012: 149; Galbraith, 2006: 451).

The Latvian-Russian border treaty was not ratified until August 1997 and in 1997 the Russian army was still based at Latvia’s Skrunda military base. The resolution of these obstacles to normalised relations was linked (though not explicitly) to Russian energy policy. In July 1994 Gazprom had offered to reduce Latvia’s gas bill in return for a 50 per cent stake in Latvia Gas and the border treaty ratification came just three months after the May 1997 share acquisition (an initial 16 per cent) of Latvia Gas by Gazprom (Grigas, 2012: 29). This was facilitated by several factors, including: the low initial stake, moderate leadership of the governing Latvian Way party, lack of alternative investors, the end of the existing gas contract with Russia (Grigas, 2013: 115-117) and pressure from the World Bank to privatise, after the institution offered support to prevent insolvency following a banking crisis in 1995 (Fleming and Talley, 1996). In the aftermath, pressure for privatisation and reforms of public services, including loans from 2000, focused on making the government's structure, spending and regulation processes more open (World Bank, 2014). This rapprochement was limited however, and Russian energy companies were excluded
from participation in the privatisation process of Latvia’s oil transit sector, leading Moscow to reduce oil transfers to the Latvian port of Ventspils through the Polotsk-Ventspils pipeline from 1999 (Spruds, 2009b: 108) and stopping the flow completing in 2003 (Galbreath and Lamoreaux, 2013: 120). This was a significant economic loss for Latvia, as Russian transit fees had contributed substantially to the Latvian GDP, reaching 20 to 25 per cent of Latvia’s GDP in the 1990s (Bukovskis, 2012: 118).

A factor in accounting for the Latvian-Russian tensions in the 1990s, and to a lesser extent since, was that upon independence stringent conditions were set for Latvian citizenship to protect the country from Russian interests. Latvia is the Baltic state with the highest proportion of ‘Russian-speakers’, after 332,000 settled permanently from other parts of the Soviet Union between 1961 and 1989\(^ {118} \) (Pabriks and Purs, 2001: 50). Latvian citizenship was granted only to citizens of the inter-war Latvian Republic and descendants, and those with high Latvian language competency, resulting in 30 per cent of Latvia’s population becoming stateless and without political rights (Schimmelfennig et al., 2003: 510). In the following two years further discrimination against non-Latvian residents was manifested through restricted education and economic rights and further language laws (Pabriks, 1999: 151) and rhetoric from the Kremlin in response regarding their protection (Stranga, 1998). There was, by the turn of the century, recognition by Latvian politicians that dialogue and normalised relations would lead to greater economic interaction with Russia and associated gains\(^ {119} \) (Spruds, 2009b: 108; also Grigas, 2013) the Latvian president attended Victory Day celebrations in Moscow in May 2005\(^ {120} \) and a border agreement was finally signed and ratified with Russia in 2007 (Spruds, 2009b: 110).

---

\(^ {118} \text{This was a contributing factor towards a renewed desire for independence from the Soviet Union in the 1970s and 1980s due to the 'permanent pressure of linguistic and cultural Russification, immigration of Slavic populations to Latvia, [and] lack of possibilities of equal representation (Pabriks and Purs, 2001: 47-51), resulting in a push for independence from 1987 to 1991.}\)

\(^ {119} \text{Latvian Foreign Minister Valdis Birkavs argued that 'We should move towards Europe but not at the expense of our relations with Russia. On the other hand, we should not move towards Russia at the expense of our relations with Europe' (Birkavs cited in Mole, 2012: 154).}\)

\(^ {120} \text{Latvia was invited in 1995, 2005 and 2010, and refused first and accepted the next two (and was only Baltic state to accept 2005). Lithuania has never accepted an invitation (Grigas, 2013: 137).}\)
1.2. Energy background, objectives and actors

This section outlines the energy background of Latvia and the ‘Baltic energy island’ situation, isolated from the European gas and electricity markets and 100 per cent reliant on imports of Russian gas. Combined with conventional security issues outlined above, this isolation and import dependence is a key factor in explaining Latvian energy policy, energy diplomacy and influence at the EU level. Frequent policy statements released by the Latvian MFA (LMFA) illustrate the Latvian government’s focus on energy politics as a national priority (Latvian Government, 2006a; 2008a; 2012) and the 2006 NATO summit in Riga discussed energy security issues (NATO, 2006), where the possibility of invoking Article Five and using military force to guard infrastructure was raised by Poland, and supported by the Baltic states and the USA (Spruds, 2012: 49).

Gas is imported to Latvia for six months (between April and September) when it also refills the Latvian Inčukalns underground gas storage facility, which then meets demand for the rest of the year for Latvia, Estonia and NW Russia (Latvia Public Utilities Commission, 2011). Post-independence economic activity declined, with a corresponding energy demand decline in excess of 40 per cent between 1990 and 1995. Energy consumption only began to increase in 1996 and accelerated between accession and the financial crisis (Spruds, 2009a: 225; Grigas, 2012). The reason for the focus on energy policy of successive Latvian governments is the nature of the gas supply, with 100 per cent of gas consumed in Latvia imported from Russia, providing 30 per cent of overall energy consumption in 2011 (1.6 bcm). Along with Lithuania and Estonia, Latvia has become an ‘energy island’, isolated from the rest of the EU. Latvia’s gas transportation system is connected with the transportation systems of Lithuania, Estonia and Russia. However, these countries are only connected to the Russian system (Latvia Public Utilities Commission, 2011).

The Baltic States were part of the centralised industrial policy of the Soviet Union from 1940 to 1991 and remained locked into its energy grid after independence in 1991. In the 1990s, Latvia remained a key Russian energy transit state, with 13–15 per cent of total Russian oil exports, and around 30 per cent of exports to Western Europe transported through Ventspils port. At the end of the 1990s, Russia began to construct its own export facilities, with crude oil ceasing to be transported via
pipelines to Ventspils in 2002 and altogether by 2005 (transport by train proved to not be economically viable). As a result Latvia lost ‘its leverage to compensate for dependency on Russia’s energy supplies’ (Spruds, 2009a: 228-229). Section 2.1 examines why this issue began to be perceived as a threat to energy and national security, and links this national concern to the concerns of the region and the EU, before looking at how this contributed to the development of the BEMIP.

The Latvian Ministry of Economy (LME) is the overall supervisor of gas industry policy-making, coordination and implementation, with the Department of Energy responsible for policy recommendations and the development of plans and programmes related to energy (Leijns and Aljens, 2011). The Saeima (lower house) drafts and enacts energy legislation, with decision-making informed by the sub-committee on energy issues within the parliamentary economic committee (with additional scrutiny provided by the foreign affairs committee) (Spruds, 2009a: 140). The Latvian gas market is presently controlled by gas monopoly Latvia Gas, which is owned by Russian gas monopoly Gazprom, Germany’s E.ON and Russian gas supplier Itera (which is also the sole gas distributor). Latvia Gas was granted a legal monopoly over all gas supply, transmission, distribution and storage within Latvia from 1997 to 2017 (Findlater and Noël, 2011), and the Latvian government has been exercising its Third Gas Directive rights of derogation. As an emerging market the natural gas market was permitted to remain closed until at least April 2014 (Herbert Smith, 2013: 206). Underground gas storage is subject to a separate long-term gas import agreement between Latvia Gas and Gazprom signed in February 2009 valid until 2030, though third party access will be permitted in 2017 (Ramboll, 2009: 46).

In 2012, the energy objectives of the Latvian government was to ‘increase of security of energy supply, thus ensuring stable energy supply to energy consumers, reducing geopolitical risks, diversifying supply routes, developing energy infrastructure, [and] establishing reserves’ (Latvian Government, 2012: 4). This chapter focuses on several gas infrastructure projects which the Latvian government outlined as energy security priorities in 2006 (Latvian Government, 2006a; 2006b) and again in 2012 (Latvian Government, 2012). These projects include a regional LNG terminal, the expansion of the Inčukalns Underground Gas Storage (UGS) facility and gas interconnections. In doing so, the strategies that Latvia has used to shape EU level
policy development in order to realise these national objectives are assessed. Also considered are the factors which have accounted for the extent of their success and the barriers to achieving these objectives and uploading preferences to the EU. In doing the way in which contested terms such as ‘energy security’ and ‘energy dependency’ are conceived within Latvia, and informed by the historical and contemporary geopolitical context in which policy has developed, is also examined.

2. Testing the hypotheses

2.1. Latvia’s role in the BEMIP plan to develop an LNG terminal in the Baltics

This section demonstrates how Latvia’s energy security is related to objective indicators such as gas supply disruptions and rising prices, and also conditioned by political and historical relations with gas suppliers, such as those discussed in section one. This is important, as this links with section 2.3, the role of Russia in constraining and enabling Latvian government activism and influence in energy policy development. Regarding the source and extent of Latvia’s energy insecurity, there is a divergence of opinion with the relevant ministries. The LMFA focuses on supply security and the LME is concerned primarily with price, primarily the extent to which Latvia has leverage to obtain a price commensurate with major gas consumers within the EU such as Germany, given Latvia’s small customer role and lack of competition within the market (senior Latvian official #2, 2012).

2.1.1 Dependence derived supply insecurity

Findlater and Noël (2010) argue that Latvia’s energy security is limited, as there is a gas supply risk from either a) pipeline failure during the summer or, b) failure of its UGS facility which supplies all gas during the winter. This is not a new situation, but within the context of supply disruptions to much of Europe in 2006 and 2009 (though not to the Baltic countries), there is now a heightened perception of a security threat, and a political willingness to reduce system risk. Numerous government official stated that these ‘crises’ changed Latvian national policy, prioritising energy policy and stimulating discussion on the dependence on Russian
gas (Latvian official #1, 2010; Latvian official #3, 2012; Latvian official #2, 2012), and that this has changed and securitised the debate (senior Latvian NGA #1, 2012).

Both Latvian and Lithuanian officials claimed that the impact at the EU level of these events was ‘a good lesson’, raising awareness at the EU level of the vulnerability of the NMS to supply disruptions and changing perceptions of Russia as a reliable energy supplier (Latvian official #1, 2010; Lithuanian official #1, 2010). However, despite the growing focus on energy issues, to an extent a sense of supply security endured, and the country was considered far less endangered than in Bulgaria and Poland (senior Latvian official #3, 2012; Latvian official #2, 2012). The country was unaffected directly by the major supply disruptions and had a reserve of UGS. In terms of an objective measure of energy security in Latvia, a Commission study conducted by Ramboll, concluded that Latvia ranked as the fourth safest country in the EU in terms of stable natural gas supplies (Ramboll, 2009). It is this Ramboll index which Latvia Gas pointed too when playing down the need for diversification (Latvian NGA #1, 2012). As a senior government official noted, supply security is ‘less of a direct threat, but [disruptions] pointed out our vulnerability and if we have to supply neighbours too then this is worse. It was a “wake-up call”…a late realisation of the issue’ (senior Latvian official #2, 2012).

Highlighting the lack of consensus even around objective measures, and, it is argued here, the importance of recognising the role of the construction of energy insecurity, Le Coq and Paltseva’s 2009 ‘Risky External Energy Supply’ index of EU member states evaluated, ‘the potential damage caused by a supply disruption in a specific energy market in a specific country’, and concluded that Latvia faced the third highest risk in terms of external gas supplies (Le Coq and Paltseva, 2009: 4475). Noël and Findlater’s 2010 gas supply security index also rates all three Baltic states as the most insecure measured on the basis of the ability of their ‘national energy systems (including energy security policies and contractual arrangements) to meet

---

121 The Ramboll Security of Supply index is based on a set of quantifiable parameters, like number of supply countries and pipelines, indigenous gas production, gas storage, LNG terminals, gas substitution and country risks for supply and transit countries (Ramboll, 2009).
122 From evaluating import dependency, diversification (market concentration), political stability of the supplying country, potential supply disruptions, fungibility of supply and economic impact of supply disruption (Le Coq and Paltseva, 2009: 4475).
final contracted energy demand when the flow of Russian gas is disrupted’ (Noël and Findlater, 2010 cited in Noel et al., 2012).

### 2.1.2. Price derived insecurity

Despite the 2006 and 2009 gas supply disruptions not directly affecting Latvia, they did raise concern about energy import dependency, which was heightened by price increases. It is price which is considered the main threat to energy security within Latvia. Whilst Latvia Gas claims that Latvian gas is ‘one of the cheapest’ in the EU (Latvian NGA #1, 2012), within the Latvian government a senior official noted that the perception is different, ‘there is no space for dictating energy prices with only one supplier. No market, so no market prices with Gazprom’ (senior Latvian official #3, 2012; also Latvian NGA #5, 2012). The Baltic Soviet Republics had received gas at below market prices, with Western European market pricing levels reached only in 2008 (Grigas, 2012: 10). Gas prices in Latvia doubled between 2006 and 2008, and by 2012 prices were another 20 per cent higher\(^{123}\)\(^{124}\), and in Latvia energy prices represent up to 15 per cent of post-tax income (Central Statistical Bureau of Latvia, 2013).

In the third quarter of 2011 the Commission estimated\(^{125}\) that Latvia paid an average of 29.3 €/MWh for Russian gas, compared to 28 in Estonia, 35 in Lithuania and 25.6 in Germany.\(^{126}\) The Commission concluded that ‘German imports of Russian gas seemed to be benefitting from a much larger discount (19 per cent, a price of 27.7 €/MWh), when compared to a theoretical pure oil-indexed price for the same period (of 34.3 €/MWh)’ (Commission, 2012c: highlights). As section 2.3 elucidates, Latvia was rewarded for pursuing a more cautious approach to energy diversification and the unbundling of gas suppliers from gas distributors, particularly in contrast to Lithuania, and received a 15 per cent discount (granted also to Estonia but not

---


\(^{124}\) EU gas prices on average had also doubled between 1999 and 2006 (European Environment Agency, 2006).

\(^{125}\) Exact pricing of long-term oil indexed gas contracts is not made public.

\(^{126}\) 2012 saw prices rise across Europe, and for the Baltic states, Q2 and Q3 of 2012 to 33.1, 31.7 and 38.7 for Estonia, Latvia and Lithuania respectively (Commission, 2012c).
Lithuania). Despite this, the price compared to a much more diversified gas market in Germany is considerably more expensive.

2.1.3. History and geopolitically derived insecurity

The supply disruptions and price rises were conditioned by relations with the monopoly gas supplier – Russia. The Copenhagen School perception of securitisation describes ‘the intersubjective establishment of an existential threat’ (Buzan et al., 1998: 25) – in the case of securitisation of gas supplies, this is less about existential threats and more closely related to the consideration of substantive threats to the energy security of a state. But when examining threats, Ciută has argued these should ‘take into account the actors’ history, identities, and strategic myths’ (2009: 317). Historical context plays a role in conditioning invocations of, and responses to, ‘crises’ by situated, legitimate actors. As Campbell notes, ‘crisis’ is a process of social, political and linguistic construction and narration (2002). Political actors can perceive, define, construct and react to ‘crises’ in a variety of ways. Contradictions and failures can then be selected by policy-makers to contribute towards the construction, or continuation of, a crisis narrative; this forms a ‘discursive construction’ (Hay, 1996).

‘Crises’ themselves are then as much discursively constructed as ‘security’ threats, though distinguished by the more temporary nature of the former. As t’Hart notes, ‘Those who are able to define what the crisis is all about also hold the key to defining the appropriate strategies for [its] resolution’ (t’Hart, 1993: 41). With reference to the Baltic states, Noel et al. argue that ‘the political decision about how much insurance to buy – the ‘demand for security’ – is likely to be driven by representations of the risks, themselves shaped by perceptions of the geopolitical environment’ (2012: 30). This is confirmed by a senior government official, who claimed that ‘events in neighbouring countries made us suspicious of Gazprom and the tools of the Russian gas policy’ (senior Latvian official #3, 2012).

Spruds (2009b) claims that it was to the advantage of the Baltic countries to ‘exploit the assertiveness of Russian policy to demonstrate the otherness and imperialistic ambitions of Russia and thereby justify the imperative for the Baltic states to be
integrated into Western institutions’ (Spruds, 2009b: 107). However, Jakniūnaitė argues that the prevalent opinion in the late 2000s in all Baltic countries was a suspicion that Russia’s objective was to retain political, economic and cultural influence (Jakniūnaitė, 2009: 124) and this is supported by former Latvian Foreign Minister Artis Pabriks (2004-2007), who ‘openly stated that there were a number of stakeholders in Latvia who were lobbying on behalf of Russia’s economic and political interests’ (Pabriks cited in Grigas, 2013: 114). Deksnis (2001: 92–5 cited in Galbreath, 2006) suggests that whilst Latvia’s neighbours have relatively strong economic links with Finland and Poland respectively, Latvia has felt more vulnerable, though all still retain a common historical memory of subjugation by Russia (Knudsen, 1999: 208) and this, to an extent still informs current foreign and energy policy.

2.1.4. Conclusion

Energy security is then socially constructed, varies over time and is nationally specific. Consequently, a supply disruption is not a crisis, but can be constructed and conceived as such by actors empowered to do so; namely, member state governments. As Kuus remarked, ‘analyzing the construction of Russia as a security threat then says nothing about whether the threat is real or unreal. It shows that the Russian threat functions as real and has tangible political effects on public debate and policy-making’ (2007: 9). Energy security is also informed by historical security relations with suppliers and neighbours. This conditions risk mediation and amelioration attitudes, as well as energy activism – ‘the stake in the game’ – at the EU level. Actors in the Latvian government conceive energy security in the context of their relevant material conditions – dependence rates and diversification in their energy mixes, but also their historical and contemporary security relations with suppliers and neighbours.\(^\text{127}\)

Whilst gas supply disruptions to other member states have been a concern, and contributed towards the prioritisation of energy as a national priority, concerns about an undiversified gas supply have been derived to a greater extent by the premium

\(^{127}\) Also political parties, and therefore governments’ attitudes towards the sole gas, and major oil, supplier - Russia.
this is considered to add to the price paid by a small consumer to a monopoly gas supplier. The combination of these two factors and, to a lesser extent, the historical and contemporary national security concerns posed by Russia, have contributed to policy change and development and to a limited desire to take advantage of the policy window at the European level by agenda-shaping.

2.2. Diplomatic skill and credibility as an energy policy actor

This section examines the origins of the lobbying of the Baltic countries, including Latvia, on the ‘energy island’ rhetoric. The narrative is that the three countries represent a vulnerable, isolated and uncompetitive gas market that presented a security risk for Latvia, for the region, and for the EU and its objective of completing a single European energy market. Collier concluded that ‘any gag-merchant or copywriter would be happy to devise a couple of words that would catch on in the corridors of power as quickly as those introduced by the European Union’s energy commissioner’ (2007: 1). In 2004, Latvian Pielbags was appointed as the European Commission’s Energy and Transport Commissioner and was widely considered within Latvia to have advocated energy security policy development at the EU level. A former government official argued that Latvia had ‘successful [energy] relations’ with the Commission in the 2006-2009 period in particular, and the ‘birth’ of the ‘energy island’ narrative was a key part of this (senior Latvian NGA #3, 2012; also senior Latvian NGA #1, 2012). How the Baltic states were able to take advantage of a window of opportunity, a ‘policy window’ (Kingdon, 2003) after the January 2006 gas supply disruption which affected several non-Baltic EU member states (Maltby, 2013) is analysed below.

2.2.1. The Latvian and Baltic state message for Europe; establishing the narrative of an ‘energy island’

The exploitation of this policy window was aided by the presence of Pielbags, who was sympathetic to the lobbying of the Baltic countries on the issue. As a result of his position, it was considered that the Latvian government was afforded ‘more access, there were people in his office who could be accessed, and we successfully
positioned national interests’ (Latvian NGA #2, 2012). A senior Latvian government official emphasised the point, that:

We sent certain messages and played for over five years, stating we are an energy island to Brussels, branding this idea so it became a consideration in EU discussions, [with] the caveat that economic support from EU is required for projects to be economically viable. This is part of the Latvian message (senior Latvian official #2, 2012).

This message, and its dissemination in multiple fora rather than just the Council, reflected becoming accustomed to the steep learning curve upon joining the EU. In the first few years a government official at the time described the process of learning:

We tried to be good Europeans. We didn’t reject before we had to, and had a ‘wait and see approach’, but since 2004 there was an ‘education process’. We’ve been socialised. We’ve learned. We are now familiar with decision-making process. At first we thought everything was important. It took several years to discover this. We had to learn how to behave and to develop connections…we are [now] learning to define interests (and non-interests) (senior Latvian NGA #3, 2012).

This learning included utilising the ‘technocratic level of policy-making. We learnt that the position at Council is meaningless’ (Latvian NGA #4, 2012). ‘We have learnt our lessons on having our opinion on initiatives. We don’t wait until Council meetings now. We are adapting to EU processes’ (Latvian official #2, 2012). Part of this learning process was the utilisation of the ‘energy island rhetoric’ and ‘this political language’ (Latvian NGA #5, 2012).

In February 2006, the Baltic States’ leaders met and agreed a ‘declaration’ and ‘communiqué’ (Baltic Prime Ministers, 2006) supporting the Commission’s proposal for a ‘new energy policy for Europe’ and highlighting ‘the fact that the Baltic States do not have any gas and electricity interconnections with other EU member states, and therefore do not have possibilities to participate in the internal energy market’. These documents highlighted ‘that the energy security problem that affects

the Baltic States should be addressed at [the] EU level and, therefore, [we] request that the Commission, by the end of 2006, assesses the energy vulnerability of individual member states and EU regions in order to propose specific actions - at the EU level - for reducing this vulnerability’ (Baltic Prime Ministers, 2006). In March 2006, the first success of this strategy was apparent, as the Commission committed to an objective of connecting the Baltic states ‘which remain an ‘energy island’, largely cut off from the rest of the Community…Interconnection is a crucial mechanism for solidarity’ (Commission, 2006a: 6).

The lobbying for the consideration of the Baltic region as an ‘energy island’ requiring policy and financing to connect to the rest of the EU’s energy market began in 2006, after the gas crisis that facilitated the opening of a ‘policy window’ which the Commission took advantage of to propose policy and legislative solutions to a policy area positioned as an EU priority (Maltby, 2013). It took several months before the steps to implement and achieve this objective began to be outlined, and a document in September 2006 outlining energy investment plans had yet to incorporate this. These ‘guidelines for trans-European energy networks’ made no mention of an ‘energy island’ and by September 2006 the Baltic states were yet to be established by the EU as an ‘island, isolated, peripheral and ultra-peripheral regions’ requiring connection to the EU energy market (EP and CoEU, 2006: 4). The guidelines recognised that developing Baltic connections was an objective, but not as a ‘Project of Common Interest’ or as priority networks for electricity or gas (EP and CoEU, 2006: 13).

By November 2006, the repeated emphasis of regional vulnerability began to translate into recognition of the Baltic states as an energy island. The Commission concluded that ‘Better interconnections between member states and new transport infrastructures are needed’ and acknowledged the role of the Baltic Energy Ministers in highlighting their ‘energy island’ status and the importance of reducing

---

129 There was no mention of Baltic LNG, though UGS in the Baltic region was noted as a priority project.
130 Ireland, United Kingdom (Wales), Greece (islands), Italy (Sardinia) - France (Corsica) - Italy (mainland), Connections in island regions, including connections to the mainland, Connections in ultraperipheral regions in France, Spain, Portugal (Commission, 2006c: 11).
131 United Kingdom (Northern Ireland), Ireland, Spain, Portugal, Greece, Sweden, Denmark, Italy (Sardinia), France (Corsica), Cyprus, Malta, Ultra-peripheral regions in France, Spain, Portugal (Commission, 2006c: 13).
dependence on a single supplier and development of a regional energy market connected to other member states (Commission, 2006c: 16-18). Latvian President Zatlers, in October 2007, used the Vilnius Energy Security Conference\textsuperscript{132} to state that ‘it’s our responsibility to build secure bridges and connect energy islands. We have to end fragmentation of energy supplies and markets’ (Zatlers, 2007: online).

By 2007, the issue of the Baltics as an energy island was firmly entrenched within EU objectives as an energy security issue, with the Commission remarking that ‘diversification of sources and adequate interconnected networks are needed to increase security of supply and solidarity amongst member states (e.g. energy islands)’ (Commission, 2007: 3) as ‘[m]any countries and regions are still an ‘energy island’, largely cut off from the rest of the internal market. This holds in particular for the Baltic states and the new member states in South-East Europe’ (Commission, 2007: 5). A year later the issue of solving the Baltic ‘energy island’ had become embedded as a priority in all relevant EU energy policy documents and the BEMIP, designed to end the energy island situation, was initiated by the Commission in October 2008 as part of the SSER (Commission, 2008a).

In November 2008, the Commission adopted the Second Strategic Energy Review, in which the BEMIP was identified as one of the six priority energy infrastructure projects (Commission, 2008a: 4). In June 2009, the eight Baltic Sea member states – Denmark, Estonia, Finland, Germany, Lithuania, Latvia, Sweden and Poland – and the Commission signed a MoU on the BEMIP. The project objective was to identify, coordinate and contribute to the financing and the implementation of energy infrastructure necessary for a well-functioning energy market, within the first macro-regional strategy of the EU.\textsuperscript{133} The broader EU Strategy for the Baltic Sea Region (EUSBSR), which was given a monitoring role, was considered by the Commission to ‘embod[y] the new concept of macro-regional cooperation which is based on effective and more coordinated use of existing funding sources, and the promotion of synergies and complementarities’ (Commission, 2013b: 32).

\textsuperscript{132}Linked to section 2.4, regional and strategic alliances, Lithuania also hosted a regional energy security meeting in May 2006, in which US Vice-President Dick Cheney gave a speech accusing Moscow of using energy as a ‘tool of intimidation and blackmail’ (BBC, 2006).

\textsuperscript{133}Projects listed under the TEN-E guidelines could be co-financed by the TEN-E instruments. In addition, the European Economic Recovery Plan provides for substantial additional financial support to infrastructure projects in the region’ (Commission, 2013e: 86).
In 2010 the Estonian Energy Minister noted that ‘one could argue that we are no longer an ‘energy island’, and that we have become an ‘energy peninsula’ instead’ (Kisel cited in Bult, 2010). However, this was a premature conclusion – progress made was gradual, or even worse in the case of gas, and European Council Conclusions in 2012 and 2013 reiterated the objective of expediting the completion of the internal energy market and again stated that ‘no EU member state should remain isolated from the European networks after 2015’ (European Council, 2012; 2013).

As Schmidt-Felzmann noted (2008: 177) Latvia had pursued, upon accession, a strategy of restraint regarding relations with the EU. This changed to an extent as time since accession passed, with the realisation in the late 2000s that bilateral energy issues could be better solved through uploading to the EU level (Grigas, 2013: 154). Further discussion of the BEMIP occurs in section 2.4 and it is important to note that whilst Latvia promoted the ‘energy island’ narrative, it did not do this in isolation. Several interviewees emphasised the key roles of Poland and Lithuania (Commission #7, 2013; Latvian NGA #3, 2012). Section 2.4 will evaluate how despite the EU, regional and Baltic state alliance on overall energy objectives, competition between the Baltic states has also undermined the realisation of these objectives. This is also related to 2.3, the role of Russia in Latvian energy policy and 2.5, the administrative capacity to develop and implement energy objectives.

2.2.2. Conclusion

Latvia has emphasised the problem of the ‘Baltic energy island’, pursuing as a small member state a relatively focused strategy, rather than broader political agenda (Arter, 2000; Wivel, 2005) and increasing the chances of success by presenting the issue as within the interest of the EU rather than an exclusively self-interested objective (Grøn and Wivel, 2011: 529). The Commission, with the support of a Latvian Energy Commissioner, then introduced policy responses to address the issue of a Baltic ‘energy island’ in response a general shift in perception at the EU level regarding the importance of energy security and problems of energy dependence (see chapter two). It has been argued here that policy responses have also been a reaction
to lobbying on behalf of the Baltic countries, including Latvia. The extent to which administrative capacity enabled this is examined further in section 2.4.

2.3. The role of Russia and dependence on Russian energy imports as a policy constrainer and enabler

This section explores the influence of Russia on Latvia’s energy policy-making and the intensity of interest in developing EU energy security policy and decision-making. In doing so it builds upon Latvia’s foreign policy, security and energy security relationship with Russia as discussed in section 2.1. It is emphasised that the high dependence on Russian energy resources was considered a problem pre-accession due to a dispute over oil supplies. However, because of gas storage and a history of uninterrupted gas supplies, energy security was not a national priority until prices increased from the mid-2000s. The lack of a competitive market became an issue from this point, and one through which Latvia and the Baltic countries could attempt to effect change from the EU level due to a context of Russian gas supply disruptions in 2006 and 2009.

2.3.1. Vulnerability to Russian gas supply disruptions

Noel et al. (2010: 8) note that with regard to energy supplies there are both risks and disruptions: Risks, meaning non-intentional disruptions related to technical problems, and threats, derived from contractual and/or political disputes. As a result the Baltic States may wish to pursue policies which offer insurance against both the threats and the risks of Russian gas supply disruptions. There is a precedent of energy threats following a refusal to sell energy infrastructure to Russian companies, when Latvia did not sell its oil assets (the Ventspils Nafta port facility) to Russia, Russia closed down its pipelines supplying the port in 2003 in response (Grigas, 2012: 30), and according to an unofficial document of the Russian MFA in 2010,134 the objective was for Russia to take advantage of the financial crisis to gain larger influence over

---

134 The Program for the Effective Utilization of Foreign Political Factors on a Systematic Basis for the Purposes of Long-Term Development of the Russian Federation (Russian MFA cited in Perevodika, 2010).
Latvian strategic enterprises in the field of energy (and logistics and transport) (Russian MFA cited in Perevodika, 2010).

In June 2006, Russia also shut down an oil pipeline to Lithuania’s Mazeikie Nafta refinery (Baran, 2007: 132–133) and the Latvian government in the mid-2000s opposed the North Stream gas pipeline on environmental grounds, and as a result of the perceived ‘political nature and motivation behind the Russian–German agreement…the application of [the] energy card to regional and bilateral politics’ (Spruds, 2009a: 231). Later, the 2008 Russia-Georgia conflict also raised concerns about Russia’s foreign policy with Foreign Affairs Minister Riekstiņš stating that ‘the recent events will compel [us] to reconsider the energy policy’ (Riekstiņš cited in Spruds, 2009a: 236).

Latvia was unaffected by the 2006 and 2009 gas supply disruptions, or ‘crises’, but there is evidence of changing perceptions of energy dependence and energy security within Latvia, also outlined in section 2.1. Within the government it was considered that ‘Gas disruptions were a catalyst for change’ (senior Latvian official #2, 2012) and that within the country more generally, ‘There was a change of debate as a result of the gas crises… and one that is more securitised’ (senior Latvian NGA #1, 2012). A senior government official claimed that the 2009 supply disruption had an impact on policy-making and perceptions of energy risk and security within Latvia, despite not being affected by these ‘crises’, and that Russia was ‘Always a source of concern, as events in neighbouring countries [in 2006/2009] made us suspicious of Gazprom and the tools of the Russian gas policy’ (senior Latvian official #3, 2012).

Despite these concerns, in the 2006 and 2010 energy policy documents, energy insecurity is considered to be derived primarily from price increases and volatility (Latvian Government, 2010: 47; also 2006a; 2006b). The objective was to have access from ‘several suppliers for market prices’ (Latvian Government, 2010: 49), but the strategy puts diversification as an equal objective with energy efficiency strategies and increasing renewables, and Russia is mentioned with reference to energy only once in the 2010 Energy Strategy (Latvian Government, 2010).

As Findlater and Noel (2011) highlight, a gas supply disruption (whether political or technical in origin) would have a serious impact on heat and electricity generation in
Latvia, with 90 per cent of the former powered by gas, 100 per cent imported from Russia. Gas is only supplied from Russia in the summer, with the Inčukalns UGS facility used for gas supply during winter, supplying Estonia and Lithuania too (Ramboll, 2009: 49). The risks then are firstly that a technical failure disrupts either the winter supply through this facility or the filling of it in the summer. The second risk is that the supply from Russia is disrupted, leading to problems the following winter. The price of insuring against this risk was considered a key issue, but because UGS is also essential for Russia in the winter and filled in the summer, the risk of supply disruptions were ‘not that much of a concern for us’ (senior Latvian official #3, 2012; also Latvian official #5, 2012).

It was, however, recognised within the Latvian government that this provided a ‘false sense of energy security’ (Latvian official #2, 2012), and the updated 2030 Energy Strategy published in 2012 reflected a slight change in the perception of energy (in)security in Latvia described in section 2.1 (senior Latvian NGA #1, 2012; senior Latvian NGA #2, 2012). The 2012 document mentions ‘security of (energy) supply’ or ‘supply security’ eight times, whereas this is not mentioned once in the 2010 strategy (Latvian Government, 2012: 4-10). Latvian energy policy changed from a focus on reliability of pricing through long-term contracts in 2006, to price security through energy efficiency, renewables and long-term contracts in 2010, to a greater focus on both security of price and security of supply by 2012.

2.3.2. Russian influence on the Latvian gas market

Natural gas is supplied to customers only by Latvia Gas, which operates the natural transportation and distribution networks. Latvia had previously exercised its rights under Article 28(2) of the Second EU Gas Directive which permitted member states qualifying as emergent markets a derogation, closing the natural gas market until January 2010. In December 2009 the Latvian parliament used Article 49 of the Third EU Gas Directive to amend the Energy Law and further postpone the liberalisation of the Latvian natural gas market, and allowing TPA to infrastructure, until April 2014 (with an import contract continuing until 2030) (Leijns and Aljens, 2011).

135 ‘Russia is a reliable energy partner as long as we do not engage in risky political games’ (Latvian official #5, 2012).
Latvia’s gas transportation system is connected with the transportation systems of Lithuania, Estonia and Russia. However, this is of little importance as both Estonia and Lithuania are, in turn, only connected to the Russian system (Leijns and Aljens, 2011). The Inčukalns UGS facility in Latvia is also operated by Latvia Gas (with a capacity of 4,400 bcm). Since 2001, Latvia Gas’ two Russian owners (Itera and Gazprom) have occupied six of the eleven supervisory board seats (Baltic Times, 2001), and the Latvian government has long been wary of the results of this ‘unknown…procedure between AO ‘Gazprom’ and ‘Latvian gas’…Forecasting prices are highly uncertain, [which] exposes their operations as very high risk’ (Latvian Government, 2006a; also Latvian NGA #4, 2012).

Latvia Gas’ strategy has been to lobby to maintain and increase sales volumes with Dāvis, Latvia Gas’ CEO, arguing at the World Energy Council in December 2008 that ‘Latvian energy priority until 2020 must be gas. Renewable energy resources must be put aside’ (Dāvis cited in Spruds, 2009a: 240). A long term gas contract was signed with Gazprom to supply Latvia from 2007 to 2017, promoted by Itera Latvia’s CEO as a guarantee of energy security for Latvia (Savickis cited in Baltic News Service, 2004). Latvia Gas is considered ‘an influential player. Until 2009 or so, everything was decided in the LME with Latvia Gas and Latvernergo’ (senior Latvian NGA #1, 2012; Latvian NGA #4, 2012) and, linked to section 2.5, the ministries’ ‘collegial relationships with Latvia Gas raises questions about whether Latvia Gas expertise is influential, by filling gaps in admin capacity’ (Latvian official #2, 2012).

Within Latvia there is also the sense that Gazprom will use gas prices to influence policy and that diversification plans are being undermined by the risk that diversifying supplies will lead to rising Russian gas price, or the explicit or implicit threat of this, and that ‘there is no space for dictating energy prices with only one supplier. There’s no market, so no market prices with Gazprom’ (senior Latvian official #3, 2012; also Latvian official #2, 2012; Latvian NGA #2, 2012; Latvian NGA #3, 2012). Also, the Inčukalns UGS is used exclusively by Latvia Gas, and the Gazprom representative in Latvia Roldugins and Itera Gas Chairman136 Savickis warned in May 2011 that they would seek ‘substantial compensation’ from the

---

136 Savickis was also the deputy chairman of Latvia Gas.
Latvian Government for losing exclusive rights before 2017 and 600 million Lats (€850 million) if this deadline was not extended, though the import contract will continue until 2030 (BNN, 2011b). In March 2014 the Latvian Parliament approved amendments to the Energy Law, confirming TPA from April 2014 and unbundling by 2017 (with Latvia Gas selling off the distribution and transmission operators) (BNE, 2014).

The application of gas price discounts appears to have been selective and effective for Gazprom and can also be conceived as political. Latvia was one of only three Central European states (along with Slovakia and Bulgaria) to support a Third Energy Package draft that pushed for less strict unbundling criteria to be imposed on companies like Gazprom, against the complete full ownership unbundling (OU) advocated initially by the Commission). Grigas claimed that Latvia Gas and Latvenergo ‘played a significant role in the government’s energy policy and position on unbundling’ (Grigas, 2013: 88), a claim also asserted by Maigre (2010) and Vilpišauskas (2011: 25-26).

The perception of a strong influence of Russia in Latvian energy policy is widespread (Latvian NGA #5, 2012; senior Latvian NGA #1, 2012) and this acts to undermine regional cooperation on energy projects, as will be explored in section 2.4. Energy Minister Pavluts explained that the inability of the Baltic States to cooperate on a regional LNG project was related to Estonia and Lithuania viewing ‘the offer to build the regional LNG terminal in Latvia with suspicion, in that this could be being done in Gazprom’s interests’ (Pavluts cited in Brauna, 2012). Lithuania in particular was concerned that any LNG in Latvia could involve Gazprom or a Gazprom subsidiary such as Latvia Gas (Galbreath and Lasas, 2011:

---

137 And before April 2017 if the Latvian gas network is linked to member states other than Estonia, Finland or Lithuania (BNE, 2014).

138 Estonia chose the same option as Latvia, but in June 2012 changed course and passed OU legislation to force Estonian Gas to sell its pipeline by 2015, whilst Lithuania chose the full OU option and passed a law to that effect in 2010 – to shift ownership to the state. After April 2014, Gazprom in Latvia can retain ownership of transmission networks, but the transmission subsidiaries must become legally independent and regulated companies.

139 Driven by a Commission energy sector inquiry (Commission, 2007c: 6) which found that ‘The current level of unbundling of network and supply interests has negative repercussions on market functioning and on incentives to invest in networks. This constitutes a major obstacle to new entry and also threatens security of supply’.
The independence of Latvian energy policy-making is linked to administrative capacity, analysed in more detail in section 2.5.

Speaking in 2012, Latvia Economy Minister Pavluts stated that, ‘I'm not willing to make any rush at (unbundling) which might put us in unpleasant situations like the deal having to be settled in court’ (Pavluts cited in Adomaitis, 2012). A government official in 2013 argued that, ‘confrontation is not the right way to go. We think it is important to negotiate [with Gazprom], to understand the objective and find a reasonable solution. The Lithuania experience is creating problems for us. [It is] an issue of trust, we are trying to argue there are differences between Latvia and Lithuania, we are not choosing an aggressive political stance’ (Latvian official #6, 2013). These were references to the Lithuanian government taking Gazprom to the international arbitration court in Stockholm to pursue a claim for 5 billion Litas (€1.5 billion) related to alleged price fixing by the gas company (Lithuania Tribune, 2013).

There was a perception that Latvia has been ‘rewarded for caution, whilst Lithuania was punished’ (senior Latvian NGA #1, 2012) and Latvia seems to have benefited from a less adversarial relationship with Gazprom, and less ambitious unbundling and diversification policies. In 2011 Latvia was awarded a 15 per cent gas price reduction by Gazprom, along with Estonia but not Lithuania. The Commission decided that this was part of the evidence which demonstrated that Gazprom used discriminatory pricing, and the basis of an investigation, initiated after a complaint from the Lithuanian government, regarding ‘preventing diversification of supply of gas’ and ‘imposing unfair pricing through its oil-based gas pricing mechanisms’ (Commission, 2012i).

---

140 In 2012, Lithuania’s Energy Minister, Arvydas Sekmokas, was quoted as saying, ‘We’ve started a chess game with a dangerous rival…We started playing with white and our pawns are confidently moving forward’ (cited in Lazareva and Guillemoles, 2012).

141 A country pursuing far more ambitious diversification and unbundling objectives.

142 As Grigas (2011: 13) notes, DG Competition has not lost an ‘abuse-of-dominance’ case before the European Court of Justice since the antitrust rules began in 1958.
2.3.3. Conclusion

Because of significant gas storage in Latvia, high dependence on Russian gas imports was not considered to contribute to energy or national insecurity until gas prices increases from the mid-2000s, and disruptions to other EU member states in 2006 and 2009 highlighted the country’s and region’s vulnerability. Despite these factors, the shift from a perception of a positive dependency on a single gas supplier was qualified, particularly compared to Latvia’s neighbour Lithuania. It has been argued in this section that this is because of the strong Russian influence in Latvian politics and energy policy, and is a reaction to the effect strong diversification policies in Lithuania have elicited from Gazprom. As noted by Galbreath and and Lamoreaux (2013: 123), ‘Latvia has remained more conciliatory [than Lithuania], arguing that energy and economic relations with Russia were disruptive and unsteady, but that overall the benefits outweighed the costs’.

2.4. Regional alliances

This section examines the extent to which Latvia has engaged in regional cooperation to upload the country’s energy preferences to the EU level, and also how regional cooperation limits the extent of cooperative actions because of competition, as well as heterogeneous energy mixes, policies and relationships with Russia between the Baltic countries. As the Commission’s report on the region in 2009 concluded that, ‘Security of supply is a cost which is not always internalised by the market’ (Ramboll, 2009: 50) and regional cooperation and EU support is required to implement regional energy projects.

2.4.1. Limited institutionalisation pre-accession, and development of regional groupings post-2004

Intra-Baltic cooperation gained an institutional dimension in the 1990s (Moshes, 1999: 207), and regional groupings involving the Baltic states were – and remain – numerous. Between December 1990 and September 1994 the following were initiated: the Baltic Assembly, the Council of Baltic Sea States, the Baltic Council, the Council of Ministers of the Baltic States, and Common Peace Keeping Units.
The Baltic Sea Region Energy Cooperation (BASREC) was also set up in October 1999 by the Energy Ministers of the broader Baltic Sea Region and the Commission, for promoting regional energy cooperation complementing the EU-Russia energy dialogue (BASREC, 2013).

Until 2004, the reason for regional cooperation was the creation of a mechanism to lobby for membership of the EU and NATO. Jundzis (2000: 126) argues that integration of the Baltic states into the EU was: ‘1) the quickest way; 2) the most effective means; and 3) the best result, in order to ensure [Baltic] security’, whilst Knudsen observed that Latvia stressed the priority of inter-Baltic cooperation for security reasons (Knudsen, 1999: 215). However, the route to EU accession was also marked by Baltic State competition and divergence.

Though Europe Agreements were signed by all in 1995, the Commission recommended in 1997 that only Estonia be offered to start membership negotiations upon entry into force of the Agreements in 1998 (Commission, 1997). In response, the Latvian Foreign Minister argued in 1997 that ‘one cannot imagine a united Europe without the three Baltic states’ (Birkavs, 1997). Accession negotiations with Latvia and Lithuania opened only at the beginning of 2000, leading to the eventual accession of all three states in 2004. Despite the plethora of regional groupings noted above, regional cooperation was characterised by Rostoks as ‘weakly institutionalised’ (Rostoks, 2010: 12), with a senior government official describing the Council of Baltic Sea States as a mere ‘talking forum’ (senior Latvian official #2, 2012).

The number of regional groups increased post-accession, with the creation of the Baltic Council (an annual meeting of the Baltic Assembly and the Baltic Council of Ministers) and the Co-operation Council (the meeting of Foreign Ministers of Estonia, Latvia and Lithuania, in the framework of the Baltic Council) (Latvian Government, 2013). Within NATO, the Lithuanian-Latvian-Estonian Baltic Battalion is to be part of a Response Force by 2016, and there exists a NATO Cyber Defence Centre of Excellence in Tallinn (since 2000), as well as a NATO Energy Security Centre of Excellence in Vilnius since 2012 (Gotkowska, 2012). Despite this

---

143 Denmark, Estonia, Finland, Germany, Iceland, Latvia, Lithuania, Norway, Poland, Russia and Sweden.
increase in groupings in which the Baltic states participated post-accession, Spruds (2009b: 109) claimed that in Latvia and Estonia in particular, ‘the perceived imperative of regional cooperation waned and, arguably, the perception of the importance of promoting own interests, especially in the economic domain, became the dominating trend’.

To address this lack of purpose, the EP submitted resolutions in November 2005 and 2006 (EP, 2005; 2006) calling for a special strategy for the Baltic Sea region and in December 2007 the European Council requested that the Commission develop a strategy for the region. As discussed in section 2.1, in February 2006 the leaders of the Baltic states met and agreed a ‘declaration’ and a ‘communiqué’ (Baltic Prime Ministers, 2006) supporting the Commission’s proposal for a ‘new energy policy for Europe’ (Commission, 2006a).

The BEMIP objective was initiated in November 2008, and in June 2008, Latvian Energy Commissioner Pielbags stated that:

> Without secure supplies in the Baltic Sea region, there is no energy security for the European Union. The region is leading the way in an important shift of thinking in energy policy. A shift that means seeing energy security not just as a national issue, but as a regional concern…Energy collaboration, solidarity and common goals are an important regional task. And, for the EU, they are imperative (Pielbags, 2008).

The BEMIP is also identified as a flagship project in the broader context of the EUSBSR, which proposed ‘a framework to focus existing financing from structural and other funds into the areas identified by the strategy as priority areas’ (Commission, 2010b). The EUSBSR was adopted by the Council in October 2009 and was considered to ‘embod[y] the new concept of macro-regional cooperation which is based on effective and more coordinated use of existing funding sources, and the promotion of synergies and complementarities’ (Commission, 2013b: 32).

EU funding includes the TEN-E, part of the Connecting Europe Facility, whereby projects of ‘Common Interest’ are eligible for up to 50 per cent of co-financing, or 80 per cent for ‘actions which provide a high degree of regional or Union-wide security of supply, or strengthen solidarity of the Union’. The BEMIP has been
selected as one of the four Priority gas corridors. Several of the proposed BEMIP infrastructure projects are part of the EERP, ‘a clear driver for timely implementation of infrastructure projects. It provided an incentive to quickly agree on outstanding issues’ (Commission, 2010b: 31). The EERP provided funding for the following planned BEMIP projects that involve Latvia; NordBalt and strengthening the Latvian network (contribution up to €175 million), and a reverse gas flow between Lithuania and Latvia (contribution up to €12.94 million) (Commission, 2010b).

The BEMIP is an example of effective regional coordination, in that a) the institutionalised regional group has had a relatively clearly defined objective – integration of isolated energy market into EU energy market, b) the objectives have fit with those of the EU, in particular the Council, and have benefited from legislation and funding to that effect, c) the Plan has involved overlap with broader strategies and regional groups (EUSBSR), and d) the Commission and DG Energy have been key promoters, arbiters and coordinators of the BEMIP. This project has been of benefit to the Baltic states, including Latvia, for reasons explored in chapter two, that ‘small member states have traditionally relied on the Commission when seeking influence in the EU, because it is perceived as an independent, technocratic and supranational counterweight to the power politics of the Council’ and they depend upon the institution’s expertise (Gron and Wivel, 2011: 525; also Bunse et al., 2005: 13).

Lobbying within the BEMIP format has proven to have been a successful way for Latvia (and Estonia and Lithuania) to promote national energy priorities at the EU level and to increase substantially the chances of financing and realising these objectives. In July 2008, the Latvian government set out energy as a priority, with ‘Development of the common EU energy policy and support for regional energy projects…vital for the Baltic Sea Region’ (Latvian Government, 2008) and along with Denmark, Latvia was appointed co-coordinator of the EUSBSR priority area number 10; ‘To improve the access to, and the efficiency and security of the energy markets’, and to ‘connect the Baltic States to the energy networks of the region’ (2009: 46-48). In 2012, the Latvian government claimed that the BEMIP was an

144 North-South gas interconnections in Western Europe, North-South gas interconnections in Central Eastern and South Eastern Europe, the Southern Gas Corridor and the BEMIP.
example of how, ‘regional cooperation between the three Baltic countries on energy issues has crossed regional borders and has earned a priority status at the EU level’ (Latvian Government, 2012: 2-3). A similar statement was released by the Commission: ‘The BEMIP provides an important example of successful regional cooperation. The lessons learnt from this initiative will be taken into account for other regional cooperation structures’ (Commission, 2010b: 31), and ‘Macro-regions can act as building-blocks for EU-wide policy overall’ (Commission, 2011e).

The BEMIP was considered to lead to far more focused diplomacy than before\textsuperscript{145} (senior Latvian government interview #2, 2012) and numerous interviewees emphasised the importance of the Commission’s role, asserting that it is ‘good that the EU is pushing this regional plan, the B3 don’t have the diplomatic capacity to push this ourselves’ (Latvian NGA #2, 2012), and that the BEMIP ‘is creating closer links with the [involved] countries’ (senior Latvian official #1, 2012) and is ‘Very important for progress in our country – we are three small but proud countries, [but] without regional coordination and cooperation…[EU pressure] is pushing our government to move quicker’ (Latvian NGA #3, 2012). Similarly, others noted that the ‘Baltic countries lack [the] capacity to develop regional energy vision and markets’ (senior Latvian NGA #2, 2012), and the Commission was considered ‘the main driving force now’ (Latvian official #3, 2012), since ‘Commission assistance within the [BEMIP] framework brings the Baltic countries closer together to discuss the conclusions. Without this we would have ended with a failure of ideas’ (Latvian official #6, 2013). It was also noted by a senior Latvian official that ‘we see them [the Commission] as a necessary mediator; we count on their help on ending isolation of the region’ (senior Latvian official #3, 2012).

By August 2013, there had been one significant success of the BEMIP for Latvia’s gas market. On 14 July 2009, Lietuvos Dujos and Latvia Gas submitted a joint application to the Commission seeking financial assistance for a joint Latvian-Lithuanian gas interconnection capacity increase project. This was completed at the beginning of June 2013, at a cost of €29.6 million, with an extra 2 bcm capacity p.a.\textsuperscript{146} (Latvian Government, June 2013). EEPR funds contributed nearly 50 per cent

\textsuperscript{145} ‘Before there were meetings and negotiations and [more] negotiations. But now more extensive and clearer commitments’ (senior Latvian official #3, 2012).

\textsuperscript{146} Latvia gas consumption in 2012 was 1.5 bcm.
at €13 million, with contributions of €5.4 million from Lithuania and €24.2 million from Latvia (Latvia Gas) (Baltic Course, 2013).

2.4.2. Gas projects characterised by competition as well as collaboration: the case of the regional LNG project

Despite the relative success of the BEMIP, the initiative has also exposed the limits of intra-Baltic institutionalised groups and cooperation between the states. It is widely claimed that Baltic competition is the norm, and cooperation the exception: ‘The divergent energy mix of each of the Baltic States antagonises their interest in working together and even creates obstacles for multilateral cooperation’ (Dudzinska, 2012: 7). Whilst all three are 100 per cent reliant upon Russian gas, dependence on energy imports overall varies considerably. EU energy import dependency is increasing gradually, whilst Latvia’s is relatively stable (apart from crisis-induced drop in 2010), Estonia’s is decreasing due to oil shale extraction, and Lithuania’s import dependency has increased dramatically due to the closure of its nuclear power plant at the end of 2009; a condition of EU accession.

A former government employee described ‘competition to be the number one state…[despite] common history and an interdependent region…it’s competitive, as in any family’ (senior Latvian NGA #3, 2012). The Commission is considered an ally in relations with Russia, but also mediator between the Baltic states (Latvian official #2, 2012). For example, in 2009, Latvia and Lithuania disagreed on the location of the Nordbalt electricity interconnection between Sweden and the Baltic states and Lašas and Galbreath (2013) claim that the Commission had a key role in resolving this standoff by providing financial aid to Latvia to improve its electricity grid’.

There are limits, however, to the ability of the BEMIP, and the Commission in its coordinating role, to overcome regional competition. One Latvian government official admitted that they had ‘no contact with Baltic 3 colleagues on energy issues’ (Latvian official #2, 2012) and another claimed that ‘regional coordination is usually ad hoc’ (Latvian official #5, 2012). Competition between the Baltic states is still prevalent, with the ‘BEMIP a shopping list, [which] needs to be narrowed down, but
no one wants to give up their projects’ (senior Latvian NGA #2, 2012). It is considered that ‘there is a vagueness of the ‘spirit of solidarity’147, ‘no consensus or details on when and how this can be used. It is considered to be a mainly political statement’ (Latvian official #1, 2010). ‘We like talk of solidarity, but the reality is that we don’t see any regional solidarity’ (Latvian NGA #5, 2012). The problems defining energy security, and its socially constructed nature as outlined in section 2.1, has resulted in a situation in which ‘security of supply’ is both a driver and an obstacle to energy policy development and implementation (senior Latvian NGA #2, 2012). There is a limit to regional consensus regarding the level of energy insecurity and measures which should be taken to insure against security risks.

Difficulties in the coordination of regional projects and the manifestation of regional competition have contributed to the delays of several infrastructure projects. Applications for TEN-E support were received by the Commission in 2010 for an UGS project in Latvia, but no progress has occurred (Commission, 2011f). An upgrade of cross border capacity between Estonia and Latvia originally planned for completion in 2012 has been delayed until 2016. The €219 million Amber Poland-Lithuania pipeline project has been ‘left aside for the moment due to lack of interest by the relevant stakeholders in the region’ (BEMIP HLG, 2011b). The construction of a regional LNG plant has also provided a notable example of delays.

In 2006, the Latvian government concluded that given ‘LNG project costs and expected gas prices, it would be a very high fee for the additional security of supply’ (Latvian Government, 2006a). Linked to section 2.1, the cost-benefit analysis shifted in light of perceived increased need for additional security of price (and to a lesser extent security of supply), and the decision by the EU to co-finance the project to an estimated €200-€250 million of the €500 million cost (Booz&Co, 2012). This is on the condition that there is unanimous support amongst the Baltic states for the location.

In December 2010, the government of Latvia instructed state-owned AS Latvenergo to carry out a LNG feasibility study and used the results to argue that costs would be

147 A reference to the Lisbon Treaty’s Energy Article 194, that ‘Union policy on energy shall aim, in a spirit of solidarity between Member States’, to ensure the functioning of the energy market, security of energy supply, energy efficiency and renewables, and the interconnection of energy networks.
lower in Latvia than either Estonia or Lithuania (Lejns and Aljens, 2011). The Latvian government, through the Prime Minister, lobbied consistently throughout 2011 for the regional LNG project to be located in Latvia (BNN, 2011a; 2011c; 2011e), arguing that Latvia has the most extensive system of pipelines connecting all three states and this could be linked to expanding the Inčukalns underground gas storage in the country. In 2011 Latvian Prime Minister Dombrovskis stated that:

Estonian and Lithuanian colleagues are simply reluctant to see what is obvious – Riga with its gas pipe linking to Inčukalns gas storage facility is the best option. The rest of the Baltic states are already supplied from there (cited in BNN 2011f).

Minister of Economics Kampars until 2011 stated that the tactic was to convince Estonia first and then Lithuania, from which the greater opposition was anticipated as the Lithuanian government had plans for a national LNG project (Kampars cited in Brauna, 2012). Yet both Lithuania and Estonia indicated in 2011 that they would not collaborate if UGS expansion was linked to Latvia Gas co-owner Gazprom, and Latvia Gas is the owner of Inčukalns UGS. In July 2011, the Estonian Minister of Economics, Parts, claimed a lack of transparency in the UGS expansion project, due to the long-term agreement with Gazprom (Parts cited in Reimer, 2011) and in 2012 the LME State Secretary stated that: ‘It's frustrating that Lithuania, which so often talk about regional cooperation and solidarity, itself ignores it’ (Puce cited in Zebris, 2012), a reference to the Lithuanian national LNG project due to be finished in 2014, considered to ‘reduce the profitability of the regional terminal’ (Pavluts cited in Brauna, 2012; also Latvian official #6, 2013).

As noted in section 2.3, Latvia has been perceived by Estonian and Lithuanian political elites as strongly influenced by Russian energy interests (Noel et al., 2012: 32; Galbreath and Lasas, 2011: 269; Maigre, 2010). Latvian Minister of Economics Pavluts commented that, ‘As a newcomer to politics I was shocked that there was so much distrust between the countries’ (Pavluts cited in Brauna, 2012), and the Commission noted that the ‘Internal pressure on decision-makers on the location of the LNG terminal is quite high’ (Commission, 2012f: 18). This actual, and perceived, Russian energy company influence has undermined regional gas supply security plans, such as storage and LNG, and is an issue recognised within Latvia - the
‘worries of Gazprom control through intermediaries, [with] the government’s position under pressure from Latvia and Itera Gas’ (Latvian NGA #3, 2012, 2012; also Grigas, 2012: 8; senior Latvian NGA #1, 2012; Latvian NGA #5, 2012).

The Baltic states failed to agree on a location for the regional LNG project, and the Latvian government failed to convince the governments of Estonia and Lithuania that its development within Latvia would be free from Russian energy interests. Having failed to agree on a location, a pre-requisite for co-financing, an October 2011 BEMIP HLG decided to empower the Commission to make the decision (BEMIP, 2012: 23-24) and in November 2012, the Commission’s report recommended either Estonia or Finland (not originally under consideration) (Commission, 2012f: 7).

In 2012 the Latvian government acknowledged that the ‘Connecting Europe Facility [represents] another challenge for the regional cooperation members to agree on priority projects and their financing–cost allocation’ (Latvian Government, 2012: 2-3). This challenge could now increase as a result of a cut in infrastructure funding supported by the EU through the TEN-budget and Structural and Cohesion Funds. In 2011, the Commission proposed €9.1 billion for energy infrastructure between 2014 and 2020, for projects contributing to ‘increased security of supply by diversifying networks beyond a single source and route dependency, that promote solidarity by increasing competition’ (Commission, 2011a). This was cut to €5.1 billion in February 2013 by the European Council; a 44 per cent cut, compared to the 6.3 per cent overall budget cut (European Council, 2013: 9). The €9.1 billion was intended to leverage €200 billion of private sector funding (in project bonds) in the EU and a proposed gas pipeline capacity increase between Latvia and Lithuania, necessary to store Lithuanian LNG gas, is threatened by the cut, and unlikely to attract public or private investors without EU support (Neslen, 2013a).

2.4.3. Conclusion

Baltic state energy cooperation developed after 2006, as the Baltic states were able to take advantage of the opportunity presented by the ‘policy window’ (Kingdon, 2003; 148 From 5Mcm/d to 6Mcm/d in 2016 and 12Mcm/d in 2018-2020 (Commission, 2012f: 15).
Kaunert, 2007; 2010) that the January 2006 gas supply disruption created (Maltby, 2013). The BEMIP, within the EUSBSR’s macro-regional strategy for the Baltic Sea Region, provides a new arena for policy shaping and action, with the countries’ perceptions of their energy (in)security drawn together by disruptions and price rises in the 2000s and a shared shift from positive to negative dependency (Van Der Meulen, 2009; Nosko and Lang, 2010). With regard to Russian energy resources, a Latvian government official argued that this had resulted in an ‘increasingly common interest in energy between the Baltics [which] evolved as a reaction to the crises [whereas] before 08/09 national interests seen as normal and common interest not an aim or reality’ (Latvian official #1, 2010).

Within the Commission it was considered in 2010 that ‘the most important voices in pushing for a coherent external energy policy were Baltic States, and particularly Lithuania who had to close a nuclear plant, and Poland who were fearful of the Russian situation’ (Commission #1, 2010). Regional groupings involving the Baltic states have contributed to a building of trust, an awareness of neighbouring states’ preferences and positions, and have also served to shift projects from the political, where competition is most apparent, to the technical. It is argued that ‘If projects are only politically driven then there is less progress. Industry driven projects have economic rationale overlapping with political objectives’ (senior Latvian NGA #2, 2012; also senior Latvian official #1, 2012), and some consider that the BEMIP ‘has become now a technical and business project, after political agreement, [and] there is a clear common language in electricity [and we are] becoming an ‘energy peninsula not an island’ (senior Latvian NGA #1, 2012).

2.5. Administrative capacity

This section considers administrative capacity with relation to Latvian energy policy formation and implementation, and the effect this has had on uploading preferences to the EU level. It is argued that a weakness of administrative capacity, particularly policy coordination at the national level and with the EU level had an effect on the ability of Latvian governments to shape policy development and implement policy, particularly with respect to using the EU financing which was on offer. This is also important because of the impact it has had on Latvian EU energy policy activism,
considered in detail in section 2.2 \((H_2)\) and in section 2.4’s discussion of regional groupings \((H_4)\).

2.5.1. The culture and characteristics of Latvian energy-policy-making

This section evaluates the role of Latvia’s administrative capacity in uploading national energy preferences and implementing EU policy and projects. Following independence, Pabriks and Purs (2001: 122–3) argue that Latvia’s foreign policy was characterised by inexperience and weak state institutions. The perceived influence of energy companies and intermediaries has been explored in section 2.3, though it is revisited here with regard to the impact on independent energy policy- and decision-making. This relates to Thorhallson’s ‘action capacity and vulnerability’ which relates to states’ ability to formulate and implement policies and exert influence internationally and also to ‘domestic and internal weakness and possible subjugation’ (Thorhallson, 2006: 14).

Maigre claims that throughout the Baltic states, there is a lack of strategic energy planning and competence, and a ‘short[age] of professionals who have a combination of technical knowledge and a broad political-strategic outlook in energy policy. The few existing specialists often focus on their narrow job-related concerns and are reluctant to see the problems and issues in a broader national energy security context’ (Maigre, 2010: 9). This is confirmed by actors inside and outside the government in Latvia, that there is ‘no clear understanding of what energy security is...The [energy] strategy tries to cover everything...[resulting in] a lack of focus...[with] no culture of planning related to strategy documents’ (Latvian NGA #2, 2012). There is pessimism regarding ‘the overlap and lack of clarity of policy at the national level’ (senior Latvian official #1, 2012) and a ‘huge systematic problem, the discrepancy of planning; industry plans 10-20 years ahead, political decision-making plan for the term in office only, [resulting in] a lack of coherent policy’ (senior Latvian NGA #2, 2012).

Because of this lack of administrative capacity, explored in 2.5.2, business interests play a significant role in energy policy-making due to the ‘connections between business and politics, lack of transparency in the Latvian domestic system, and
powerful vested interest groups tied to Latvia Gas, Latvenergo, and Itera Latvia’ (Grigas, 2012: 49). This links with the influence of Russia discussed in section 2.3 and within the government it is admitted that:

The Ministry of Economy lacks resources and political focus and capital. The public has the impression that Itera gas has influence. They are correct. The Ministry of Economics doesn’t have capacity to cover everything that is going on in the EU. [There are] Collegial relationships with Latvia gas [which] Raises questions about whether Latvia Gas expertise is influential, filling gaps in admin capacity (Latvian official #2, 2012).

Spruds argues that ‘for a long time the energy domain had been both perceived and deliberately presented as the domain for energy practitioners’, which ‘strengthened the standing of large energy companies and the respective vested political and economic interests, since the sector largely remained beyond and without public interest and scrutiny’ (Spruds, 2009a: 237; also Latvian NGA #2, 2012), with decision-making increasingly influenced by companies such as Latvia Gas (and electricity company Latvenergo). This perception was shared in 2012 by an interviewee in Latvia, who confirmed that ‘there is a distinction that large companies try to create. [That] their experts are the real experts’ (Latvian NGA #4, 2012) and Latvia gas claimed that they were ‘the only ones with the competence in gas’ (Latvian NGA #1, 2012).

**2.5.1. Administrative capacity and utilising outside expertise**

Administrative capacity is undermined by problems in retaining staff, as ‘expertise leaks out of the country’ (senior Latvian NGA #3, 2012) with rotation of employees very high in the EU coordination department where a significant proportion leave after two years for higher paid work, often in Brussels (senior Latvian official #1, 2012). This results in ‘Private energy companies hav[ing] the expertise. Ministries have decent people, but without expertise in the field, based on theoretical and few years of policy-making experience’ (senior Latvian NGA #2, 2012; also Latvian official #2, 2012). For the LMFA, ‘institutional memory is negatively affected by 1/3 turnover [per year]’ (senior Latvian official #2, 2012). As income is not comparable
to opportunities abroad, ‘Brain drain cannot be avoided. Everyone who is able tries to leave’ (Latvian official #5, 2012; also Latvian official #3, 2012).

A senior government interviewee from the LME argued that recruiting and retention of staff has improved since accession, as ‘for each position there were 3-5 applications 5-7 years ago, and there are over 30 applications for each position now [2012]. This is recession related, as private firms are not as reliable as the public sector. Only a few have left for the Commission, with two in DG Energy’ (senior Latvian official #3, 2012). The majority of energy policy development occurs within the LME’s Energy Department, where ‘85 -90 per cent of the [energy] planning is done’ by the 23 members of staff (senior Latvian official #3, 2012), and there are ‘a very small technical group of just 4 though with a lower [than average for the Ministry] turnover of staff’ (senior Latvian official #1, 2012). As Galbreath and Lamoreaux argue (2013: 115), capacity for developing foreign policy expertise and experience is small (though EU membership, and Presidency of the EU in 2015 offers an opportunity to improve this) and the capacity to respond to EU policies and policy-making is undermined.

Gärtner et al. argue that policy-making in Latvia is hierarchical and ‘much depends on the political actors in office and not so much on professional experts’ (2011: 88). In energy policy specifically it is considered that below the Minister, ‘others [lack] expertise and opinions’ (Latvian official #4, 2012), and that ‘there is politicisation of civil servants, a carry-over of past hierarchical political culture [with] no questions of ministries’ (senior Latvian NGA #2, 2012). Despite the acknowledged weakness of administrative capacity, the willingness and ability to supplement with outside expertise is limited. There is a culture of not seeking external expertise from ‘neutral’ or non-industry sources, many of which have very limited resources (senior Latvian NGA #1, 2012; senior Latvian NGAs #2; #4, 2012). In turn this facilitates the reliance on ‘free’ expertise supplied by the energy companies noted in section 2.5.1.

2.5.3. Policy coordination at the national level, and with the EU level

Coordination with the EU level through the Permanent Representation is considered to face obstacles, since in Brussels there is an:
Understaffed situation…It is hard to fulfil the tasks to obtain the optimal result, to attend all the relevant meetings and discuss with all the actors, and find the position of all other member states and the Commission. The amount of people is not crucial, but it aids learning speed. One of the essential problems is that the administration has not gained enough experience. [There are] two levels of understanding; one, appearance and two, substance. We are still learning the second. We hope the Presidency is part of the cure (Latvian official #6, 2013).

At the national level it was considered that in general the LME and the LMFA shared a ‘coherent understanding’, though the latter was acknowledged to be more concerned with the security of energy supplies and the Ministry of Economy on the issue of price (Latvian NGA #5, 2012; senior Latvian officials #1; #4, 2012). It should be noted that the latter concern, however, is thought to be undermined by the ‘lack of capacity on both sides’ discussed above (Latvian official #2, 2012). The LMFA is the coordinator of the national coordination group on energy issues, with weekly or bi-weekly meetings in which experts from each ministry and senior experts in EU affairs are present, an arrangement from the pre-accession period, which is supplemented by ad-hoc meetings to develop a national position (senior Latvian officials #1; #2, 2012). Opinions are then sent to the Cabinet of Ministers and the European Affairs Council (Latvian official #2, 2012; senior Latvian official #1, 2012). 149

Panke concluded that coordination between the national and the EU level in Latvia was characterised in Latvia by ‘develop[ing] instructions that are too vague or too specific, leave insufficient margins of manoeuvre, or lack the necessary expertise’ (Panke, 2010b: 783), a deficiency which is considered to have an impact on member states’ ability to shape negotiations and policy development (Thorhallsson and Wivel 2006). There has been a lesson learnt that a negotiating position at Council is a small part of this shaping and development procedure, though timely and active involvement at the lower levels such as working groups is not considered to have necessarily been incorporated by the ministries (Latvian NGA #4, 2012). This is related to the difficulties faced by member states upon accession in terms of how to influence the EU’s agenda and upload national priorities and preferences, and one

149 Though the ‘European Affairs Council very rarely ask for amendment, I don’t remember this ever happening’ (senior Latvian official #1, 2012).
that Galbreath et al.’s analysis found Latvia did not avoid (Galbreath et al., 2008). The result was relative passivity in relations with the EU, again linked by interviewees to the effect of ‘brain drain’ (Latvian official #2, 2012; Latvian official #5, 2012; Latvian NGA #5, 2012).

The national position is coordinated by the Minister and then sent to the EU Working Group and national institutions (senior Latvian official #1, 2012), though as a result of weak administrative capacity, this national position can be insufficiently informed by an awareness of other countries’ energy policies and positions (Latvian NGA #2, 2012). The Permanent Representation filters, summarises and communicates information from meetings in Brussels with EU institutions and informal meetings with other energy attaches, though limited resources are considered to have an impact on the ability to sufficiently complete this task, leading to an ‘overload of information’ (senior Latvian NGA #3, 2012; Latvian official #2, 2012; senior Latvian official #1, 2012). The single energy expert in the Permanent Representation was not able to attend all relevant meetings, a problem acknowledged in Riga (senior Latvian official #3, 2012; Latvian official #4, 2012).

2.5.4. Conclusion: change and improvement

The Presidency of the Council of the European Union between January and June 2015 is expected to provide an opportunity in terms of increasing finances, resources and administrative capacity (senior Latvian official #3, 2012; senior Latvian NGA #3, 2012), and to be an opportunity to increase the size of the Permanent Representation, and ‘increase our weight in the EU. It will increase our level of competency and hopefully we will then retain these experts’ (Latvian official #3, 2012). Interviewees considered that there has been some limited improvement in the transparency and inclusiveness of policy development linked to the qualified changes in the perception of energy security within Latvia discussed in section 2.1; that there is more openness and involvement of stakeholders than at the time of accession (Latvian NGA #3, 2012; also Spruds, 2009a: 237-238). One senior NGA summarised that:

Energy policy has historically been the prerogative of the chosen. This is no longer the modus operandi though, with new pressures now and a diversity of
interest groups...There are wider interactions and more plural debates...and the government is more and more ready to engage. [However], it is still difficult to find out [what is going on] behind the scenes...the government remains quite populistic (with regards to energy policy debates in public). As a result, engagement doesn’t necessarily result in substantive implications (senior Latvian NGA #1, 2012).

Whilst resources have been committed to public administration, these efforts are considered to be insufficient. The Commission notes that whilst Latvia allocated €22.8 million (3.9 per cent of overall EU funding available) to ‘administrative capacity-building’,\(^{150}\) and made ‘some improvements’, ‘the authorities need to move away from financing basic operations (e.g. temporary staff recruitment) that lead to supporting low value-added, short-term projects’ (Commission, 2012h: 21-22). The Latvian government plans to make related changes to energy policy planning, and to update energy policy guidelines every few years, rather than up to seven years (Latvian Government, 2012: 3). This focus on short-term energy targets and projects had been criticised by Spruds, resulting in a serious problem given the long-term nature of energy planning, ‘major decisions in the energy domain reflect a relative strength of particular political and business groupings in the bargaining process [rather] than long-term governmental or institutional planning and coordination’ (Spruds, 2009a: 238).

3. Conclusion

It has been argued in this chapter that the explanation for Latvia’s influence on EU policy development and implementation is related to the five hypotheses derived from chapter one’s conceptual framework: Policy windows of opportunity for energy policy developments (H\(_1\)); Diplomatic skill and learning over time (H\(_2\)); The (constraining) influence of Russia (H\(_3\)); Regional and strategic alliance building (H\(_4\)); The relative strength of administrative capacity (H\(_5\)). The evidence presented in this chapter suggests that not all the hypotheses were equally as salient in explaining

\(^{150}\)Modernisation of public administration under the priority ‘Administrative capacity-building’ of the Operational Programme on ‘Human resources and employment’ funded by the European Social Fund’ (Commission, 2012h: 21-22).
Latvian activism and influence in energy policy at the EU level. The conclusions in terms of the relevance of each hypothesis to the Latvian case are summarised below. They are revisited and weighted in a comparative analysis with the other two case studies in chapter six, relating this back to the literature on Europeanisation, policy framing and agenda-setting.

One of the most significant explanatory factors in Latvia’s influence on EU energy policy since accession has been hypothesis one, the policy window that gas supply disruptions opened in 2006 and then in 2009. The country was unaffected by the gas supply disruptions, and as a result competing discourses regarding energy policy and the need for diversification of energy supplies persisted, despite these European gas ‘crises’ reinforcing the perception of some Latvian energy actors that Russia was an unreliable supplier. However, the disruptions provided an opportunity to highlight regional and national vulnerability, and the argument that EU level action was required to solve a European issue. A policy window opened which brought the preferences of the Baltic states into alignment with the policy entrepreneurship of the Commission (see chapter two) and, for at least a short period of time, with the interests of member states in general. Starting in late 2006 EU energy policy had begun to reflect the preferences of Latvia in terms of expanding the internal energy market to incorporate the Baltic ‘energy island’, and to use legislation and funding to facilitate this. For Latvia, hypothesis one is an explanatory factor in that the policy window at the EU level was then exploited by Latvia (hypothesis two), even if the shift in a perception regarding energy imports was less at the national level than in Poland and Bulgaria, and a dramatic shift in energy policy did not occur.

However, and linked to H3, Russian energy supplies remain a divisive issue in Latvia and the consensus is not that diversification is a policy that should be pursued to increase security of supply. Rather it is considered (though not universally) that diversification may improve security of pricing. However, this chapter has demonstrated that in addition to Russian energy resources providing a ‘push’ towards diversification and convergence with EU energy policy (development, legislation and implementation); in Latvia it has also acted as a constraining factor in Latvia’s uploading capacity. Whilst not as pronounced an effect as in the case of Bulgaria, the reliability of Russian gas supplies and political and trade links between
Russia and Latvia have also acted, to an extent, to limit Latvian activism at the EU level. This has occurred by a) reducing the perceived necessity to remove a reliable supplier, and b) raising concerns that any move to reduce dependence on Russian energy sources would lead to short-term costs in terms of trade disputes and court cases, as seen in Lithuania.

As noted in the section discussing alliance building, 2.4, regional collaboration is linked to exploitation of the policy window discussed in section 2.1. In the case of Latvia hypothesis four has a considerable explanatory role in the influence on EU energy policy. It is important to note, however, that regional competition has also been a characteristic of Latvia’s energy policy. This competition has undermined Latvia’s role in implementing the Commission-coordinated and EU-financed BEMIP. The discussion on administrative capacity concluded (as in the case studies of Bulgaria and Poland) that Latvian influence on EU policy and implementation was linked closely and negatively affected by relatively weak administrative capacity (H5). This also affected regional and strategic alliance building (H4) and the ability to learn to effectively negotiate at the EU level (H2).

Weak administrative capacity (H5) was also linked with a culture of passivity (H2) in terms of attempting to shape EU (energy) policy; in other words Latvian influence was affected by both the will and capacity to be an active player. More openness and involvement of stakeholders in energy policy development and implementation is evident, though greater commitment of resources to administrative capacity are required to improve the influence of Latvia as an EU energy actor. A temporary increase is likely during the Presidency of the EU between January and June 2015, and the preparations prior to this in 2014.
CHAPTER SIX: CONCLUSION

Introduction

This chapter draws together the conclusions of the three country case-studies, summarises them in an explicitly comparative manner and links them back to the analytical framework and conceptually-derived hypotheses presented in chapter one. This study has examined NMS influence on EU energy policy, focusing on natural gas. After research on Poland, Bulgaria and Latvia the conclusion is that NMS influence is not simply correlated with traditional power indicators such as size and votes held in the Council.

The thesis has presented three case studies in which the processes of Europeanisation uploading have been traced closely, providing a basis for conclusions about the conditions under which (newer) member states are most effective at EU agenda-setting and influencing policy-making and policy implementation. A detailed comparative case study analysis with regard to each of the five hypotheses is conducted in section one.

The substantive outcomes of Bulgarian, Latvian and Polish influence on the EU vary significantly and I have argued that the main explanations for this are related to the specific routes of influence through which the NMS can shape EU (energy) policy, in particular five hypotheses which are discussed in the following section. Whilst some of these hypotheses have greater explanatory power than others, key to explaining influence on EU energy policy agenda-setting, policy-making and policy implementation is the perception of energy (in)security and vulnerability by political and energy elites within a country. It was found that such perceptions are socially constructed and vary over time and both between and within countries. The intensity of a country’s policy preferences are directly related to such perceptions, and they inform and are informed by the political will to effect policy development at the EU level, relations with Russia as a major and sometimes monopoly gas provider, and relations with regional neighbours. Such perceptions are also key to explaining why an energy ‘policy window’ has opened at the EU level. As discussed in chapter two, this has been conducive to the uploading of national preferences for energy policy reform and ‘communitarisation’.
The first section presents the findings of the case studies. The main findings regarding the five mechanisms that were identified as potentially significant in explaining change are presented, with the emphasis on their explanatory role in the uploading of national preferences. Section two reflects on the applicability and limitations of the conceptual framework and the contribution to the literature. Section three considers the methodology, which factors fell outside the scope of this study, and the generalisability of the findings beyond the three country cases, whilst in section four the implications for research into EU integration, agenda-setting and policy-making are discussed. Section five concludes and provides directions for future research.

1. Revisiting the hypotheses: comparative empirical findings

1.1. Hypothesis one: Perceptions of energy security

As argued in chapter two, energy price increases, import dependence increases and gas supply disruptions in 2006 and 2009 contributed towards the opening of a ‘policy window’ (Kingdon, 2003: 204) at the EU level. This opportunity to develop energy policy was exploited by the Commission and a group of member states that included Poland, and to a lesser extent Latvia. The influence of Bulgaria has been negligible.

Poland was able to upload a national preference for a more communitarianised energy policy, in which a ‘spirit of solidarity’ between member states was written into the Lisbon Treaty and a number of objectives, articles and directives since 2007. Whilst energy policy retains a very significant intergovernmental element, there was a shift towards supranationalisation whilst retaining the decision on energy mix (outside of a minimum renewable component) as a bastion of national governments. Latvia was able to successfully highlight, within a newly receptive EU environment, the vulnerability of the Baltic states as an energy island. The success of these lobbying efforts from Latvia and Poland is in a large part attributed to receptive context conditions, or ‘policy windows’ (Kingdon, 2003), at the EU level after the 2006 and 2009 gas supply disruptions and rising gas prices. OMS became more
sympathetic to the (energy) security concerns of NMS including Poland and Latvia after threats to the EU’s energy security were demonstrated. Other NMS, disproportionally affected by the disruptions, were particularly supportive of solidarity and greater supranationalism in energy policy.

The EU had pre-existing liberal market objectives prior to 2006, through the first and second internal energy market packages. A third internal market package in 2009 followed and gas interconnections were an essential constituent part of the creation of an internal energy market. The extra competition in national markets and the emergency supplies offered by measures to reduce market isolation fit with two of the three pillars of EU energy security; reliability of supplies (supply security) and reasonableness of pricing (price security). As a result of the opening of this policy window, the Baltic states and the Commission were able to argue successfully that the BEMIP was necessary and should be co-financed by the EU.

Whilst it was Poland and Latvia were able to take advantage of the EU energy policy window, all three countries, including Bulgaria, were affected by a shift in perceptions regarding energy imports related to supply disruptions and price increases. This was most dramatic in Poland where, in 2007, ‘[t]he dependence of Polish economy on supplies of energy resources – crude oil and natural gas – from one source is the greatest external threat to our security’ (Polish Government, 2007: emphasis added).

In Bulgaria, the impact of supply disruptions and to a lesser extent price increases was also significant. Russia is now considered an important energy partner, but no longer an energy guarantor sufficient in itself to provide reliable supplies at reasonable prices. In Bulgaria, policy objectives are based on diversifying energy supplies to reduce the supply disruption and price volatility risks. However, this rhetorical commitment to EU energy objectives diverged significantly from implemented policy objectives until 2012.

Latvia, by contrast, was unaffected by the gas supply disruptions in 2006 and 2009. However, as a market in which there is a monopoly for Russian gas exported to the country by Gazprom, prices have been demonstrated to be significantly higher than in more diversified markets and it is this pillar of energy security in the context of
rising prices that has been the factor which has changed perceptions of energy policy. Whilst the situation in Latvia is more contested than in Poland and Bulgaria, becoming less isolated as an energy market and less dependent on energy imports has been a government priority since 2006.

In Bulgaria, the extent to which high gas import dependency was considered to be a threat to (energy) security rather than a guarantee was considerably less in 2013 than the case in Poland and Latvia, yet policy changes have still been seen as necessary. Initially, this has been demonstrated rhetorically, through objectives set out in the national energy and security strategies in 2009, following a change of government. Between 2009 and July 2012 there was no progress on gas interconnections and whilst there were consistent claims regarding the importance of diversification energy projects, between 2007 and 2013 the Bulgarian energy sector and energy mix remained substantively the same; dependent on Russia for nuclear, oil and gas. Until 2012, Europeanisation of energy policy was mainly one way - that of downloading to energy and national security strategies and policy objectives. Between 2012 and 2013, however, policy objectives were increasingly implemented, representing a greater convergence with EU energy policy.

There is evidence to suggest that actors in each case study country conceive energy security in the context of the relevant material conditions – dependence rates and diversification in their energy mixes - but also in the context of their historical and contemporary security relations with suppliers and neighbours, indicating that conceptions of energy security are socially constructed, vary over time and are nationally specific. Consequently, a supply disruption is not necessarily a crisis, but can be constructed and conceived as such by actors empowered to define; namely, member state governments. Energy security is also informed by historical security relations with suppliers and neighbours. These condition political will towards energy activism or passivity– ‘the stake in the game’ – at the EU level. It is also directly linked to hypothesis three, relations with Russia. Perceptions of energy security, hypothesis one, was strongly supported in each case.
1.2. Hypothesis two: Political will and learning EU ‘rules’ of policy-making

It is methodologically difficult to discern between the development of diplomatic skill - the awareness of both formal and informal rules of decision- and policy-making at the EU level including the practice of consensus - and the policies and diplomatic characteristics of particular governments, political parties and politicians. Political will is related to the latter, but effectively utilising this to shape the agenda of EU policy requires the learning of EU rules, both formal and informal.

In Poland, much of the ‘success’ of energy diplomacy occurred after the 2005-2007 Law and Justice led government left office, which coincided with the adaptation (or learning) of a style of policy-making and agenda-setting more in line with existing EU norms, focusing on lower-key initiatives, rather than the prior grandstanding of Council vetoes and drawing parallels with historical grand narratives of power relations and World War II with regard to the North Stream. However, in Poland it was this earlier period, characterised by assertive diplomacy, which laid the foundations for much of what happened, contributing towards the establishment of Poland as a key energy policy actor. Energy policy has been a priority for successive Polish governments and post 2007 Polish energy diplomacy can be characterised as a more consensual style of negotiating, with the adoption of appropriate EU norms, rules and strategies for the uploading of national preferences. The repeated appeal by Poland for energy ‘solidarity’ mechanisms in regional groupings and in Council and Commission interactions contributed to the inclusion of the energy chapter and ‘spirit of solidarity’ in the Lisbon Treaty, and subsequent EU policy that has also legislated for a limited communitarisation of energy policy. One interviewee stated that ‘[s]olidarity, dependence and security’ constituted the ‘Polish ideas, slogan and vocabulary’ that have resonated within the EU (Polish NGA #4, 2011).

Since 2006, Latvia has emphasised the problem of the ‘Baltic energy island’, pursuing as a small member state a relatively focused strategy, rather than a broader political agenda (Arter, 2000; Wivel, 2005) and presenting the issue as within the interest of the EU rather than as an exclusively self-interested objective (Grøn and Wivel, 2011: 529). As a result, Latvia has highlighted regional and national vulnerability and claimed the necessity of EU level action as a result. The Commission introduced policy measures to address the issue of the Baltic ‘energy
island’ in response to a general shift in perception at the EU level regarding the importance of energy security (outlined in section 1.1 and chapter two). Starting in late 2006 EU energy policy had begun to reflect the preferences of Latvia in terms of expanding the internal energy market to incorporate the Baltic ‘energy island’, and using legislation and funding to facilitate this. The diplomatic activism of the Baltic States including Latvia was key here. Though it has not been possible to precisely separate the influence of Latvia from that of Estonia, Lithuania or the three states collectively, it is clear that Latvia has pursued a less assertive strategy of energy diplomacy at the EU level than Lithuania, ‘branding this idea so it became a consideration in EU discussions… is part of the Latvian message’ (senior Latvian official #2, 2012).

In the case of Bulgaria, energy policy implementation became apparent only during the second half of the GERB led government in 2012. With less time since accession relative to Latvia and Poland it is harder to measure the socialisation effect of EU membership; there is little evidence to suggest that Bulgaria has yet benefited considerably from a learning process as a newer member in terms of demonstrable knowledge and experience of procedural norms, or that it has been able to improve effectiveness as an EU energy policy actor. This is at least in part explained by the lack of political will on behalf of Bulgarian governments to be active in the policy area. In terms of key regional narratives or slogans, Poland had ‘solidarity’ and Latvia had ‘energy island’, whereas Bulgaria lacked a coherent energy policy preference to be uploaded to the EU level. Instead it was a passive energy actor. It was noted however that Bulgaria did expend, successfully, a certain amount of diplomatic effort on the Nabucco gas pipeline project, as part of an energy security strategy that involved participation in both the EU’s Southern Gas Corridor and Russia’s South Stream gas pipeline. This success was in contributing to maintaining the project’s position on the EU’s agenda, with support of national and private company actors, until June 2013 when the TAP project was chosen for gas from Azerbaijan.

Hypothesis two, the role of political will and diplomatic skill and style in explaining influence on agenda-setting and policy-shaping is significant for all member states. For NMS this hypothesis is more salient, as a result of more limited administrative
capacity (particularly in the case of Latvia and Bulgaria) and the post-accession acclimatisation period in which the learning of decision- and policy-making procedures and norms occurs. It is an explanatory factor that is closely interlinked to hypotheses one, four and five: perceptions of energy (in)security; the energy, economic, political and historical relationship with Russia; and the relative strength of weakness of administrative capacity.

1.3. Hypothesis three: The effect of Russia and gas import dependency

The effect of dependency on Russian gas upon the political will of NMS to make energy policy changes and to attempt to shape the EU energy policy agenda varied between cases, but was significant in each. The variation is in a large part explained by energy indicators such as the heterogeneity of energy mixes. It has also been found that historical and contemporary energy and broader economic and political relations are also crucial in explaining the effect that dependency has on energy policy development.

In Latvia, the 2006 and 2009 gas supply disruptions in Europe had no effect on Latvian gas supplies. Whilst the disruptions had a limited effect on energy policy, the first disruption had a strong effect on Latvia’s EU activism, concerning the incorporation of the Baltic states into a single European gas (and electricity) market through interconnections. This is because whilst the risk of supply disruptions has been a minor concern, dependence in an undiversified gas market on a monopolistic supplier has been considered an energy security risk, as a result of increasing gas prices. High dependence on Russian gas imports is balanced by significant gas storage capacity in Latvia, and whether dependence on Russian energy supplies is a positive or negative dependency remains a contested issue. The consensus is not that diversification is a policy that should be pursued to increase security of supply. Rather it is considered, though not universally, that diversification may improve security of pricing for a small gas importer with a monopoly supplier. Diversification has been pursued with less political will than interconnections, which is partly due to a deliberate government strategy not to strongly oppose the interests of Gazprom or Latvia Gas (which Gazprom owns 34 per cent of). The issue has been an energy
security rather than a national security concern in Latvia.

In Poland, the concern with dependency on Russian gas imports was considered in 2007 to be the greatest threat to national security. Energy policy had become securitised, and remained so at the end of 2013. Its prioritisation as a national security issue immediately after the 2006 gas supply disruption resulted in a high level of EU energy policy activism and contributed to, as well as being conditioned by, longer held traditional security concerns with Russia. It also contributed to an objective of becoming a major regional and EU actor; in energy policy, the Eastern Partnership, and EU-Russia relations.

In Bulgaria there was a clear shift in energy policy away from dependence on Russian energy following the January 2009 gas supply disruption and the July election of a new GERB led government. The constellation of Russian economic and political interests which had undermined the formulation of diversification and interconnection objectives shifted in 2009, though this was largely a rhetorical rather than implemented shift until 2012. The 2009 supply disruption in combination with rising gas prices had a clear effect on national energy policy, though not on EU activism. In Bulgaria, the influence of Russia undermined the political will to facilitate change in terms of implementing national and EU objectives of supply diversification and gas interconnections. This will is a necessary but not sufficient factor in becoming an active and effective EU energy policy actor.

The commonality between the Latvian and Bulgarian cases is the strong Russian influence in politics and energy policy, and the constraining effect that this has had on energy policy development, at least in relation to Poland. In both Latvia and Bulgaria there is far more contestation regarding how to achieve energy security, the priority that should be afforded the policy area, and the direction of long-term energy objectives even though in both cases there were stated national policy objectives which converged with those of the EU. Russian energy resources provided a ‘push’ in these two cases towards diversification, a single energy market and convergence with EU energy policy (development, legislation and implementation). However, this dependence in Latvia and Bulgaria also acted as a constraining factor in uploading efforts and capacity by a) reducing the perceived necessity to remove a reliable supplier, and b) raising concerns that any move to reduce dependence on Russian
energy sources would lead to short-term costs in terms of trade disputes and court cases, as seen in Lithuania, or missing out on participation in the South Stream gas pipeline project for Bulgaria. For both the long-term costs of diversification and interconnection measures, the purchasing of insurance against risk, was also an obstacle.

In considering the role of Poland’s energy relationship with Russia it was concluded that this was historically informed and that a desire to increase general security has been a long held feature of Polish politics. Energy (in)security has been a concern since 2006, in particular, after the first of two major gas supply disruptions and in the context of dramatically rising gas prices. However, in contrast to both Latvia and Bulgaria, Poland has a far lower overall dependency on Russia as a supplier of energy. In the last decade Poland has been one of the least energy import dependent member states in the EU. Whilst the trend is for increasing dependency on energy imports (and prices, along with the rest of the EU), the risk of supply disruption is less of a threat than in Bulgaria. Political will to influence EU energy policy to try and diversify supplies and bring in more security solidarity measures is partly enabled by the fact that Poland possesses a more diversified energy mix.

Whereas the relationship with Russia has, in the case of Poland, served more to drive than constrain energy policy and uploading strategies, EU energy policy activism in Latvia and Bulgaria is constrained by caution regarding the risk that policy activism at the national and EU level could result in additional costs related to the political, economic and energy trade relationship with Russia. This in turn might lead to higher gas prices (through the withholding of discounts from Gazprom), court costs and additional costs from implementing diversification projects. In Poland it is also the case that Russian gas supply disruptions have occurred within a political context in which Russia is considered by some key political actors as a national security threat, and that energy policy and Ukraine (related to the Eastern Partnership and Russian gas which transits through it) represent an opportunity for Poland as an EU (foreign and energy policy) actor. This construction of Russia as a national security threat is not present in Bulgaria. In Latvia it is present, but to a lesser and more contested extent.
The hypothesis regarding the influence of Russia is strongly supported, but is mediated by historical and contemporary political and economic relations, and by the extent of import dependence, diversity of supplies and the size of the gas market. As such, the influence of dependency on imports can be either constraining or enabling in terms of activism in EU energy policy development and the political will to make and implement national and EU policy objectives.

1.4. Hypothesis four: The utilisation of regional alliances

In terms of the utilisation of regional alliances, Latvia and Poland had a comparative advantage over Bulgaria, in that the sub-EU regional groupings they are party to are more institutionalised. This is particularly the case for Poland, where membership of the V4 was a useful, though not essential, factor in the influence of the country on EU energy policy.

The V4 contributed, to a limited extent, to Poland being generally considered by NMS as a useful partner in raising regional concerns about energy security at the EU level. Using the V4 to share, coordinate and shape regional strategy, or at least rhetoric, was useful for Poland in its efforts to adhere to EU norms of policy-making and discourse and to utilise ‘the rhetorical device of the European rather than the national interest in their discourse’ (Copsey and Pomorska, 2008: 18).

Despite the heterogeneity of material energy structures and the conceptions of energy and national (in)security amongst the V4 members, a commonality of concern about the vulnerability of smaller, more isolated, less diversified gas markets was conveyed to the EU level. This did not hide the serious concerns of actors in Poland (and beyond) regarding the security ‘threat’ posed by Russia, but sought to present these concerns in a way that transcended a concern within the EU that NMS would be reflexively anti-Russian; they were instead presented in the context of necessity, to avoid and mitigate the impact of future ‘European’ gas supply disruptions, to increase EU leverage in negotiations and as an essential contingent measure in completing an EU internal gas (and energy) market. However, there remained scepticism regarding the extent to which Poland is acting in solidarity with other member states rather than in a self-interested manner, despite its claims to
the contrary, leading to reservations of other member states about the sincerity and motives of Poland’s actions concerning.

In Bulgaria, a lack of elite concern regarding energy insecurity until 2009, and the qualified shift since then, has meant that energy policy cooperation and discussion within regional groupings has largely been restricted to ad-hoc high level meetings, as a result of a lack of prioritisatation by Bulgaria and other countries in the region, such as Romania. Efforts made were undermined by a lack of follow-up or diplomatic effort to move ahead. Despite this, since 2012 and with the co-financing support of the EU, regional gas interconnections have been progressing with regional neighbours, which may serve to draw regional energy interests together.

Baltic state energy cooperation involving Latvia developed after 2006. The BEMIP, within the EUSBSR’s macro-regional strategy for the Baltic Sea Region, provided an arena for policy shaping and action for Latvia in combination with Lithuania and Estonia, with the countries’ perceptions of their energy (in)security drawn together by disruptions and price rises in the 2000s and a shared shift from positive towards negative dependency with regard to imports of Russian energy resources. Whilst the energy mixes and preferences diverged between the three Baltic countries, there was a convergence around a concern that isolation, a Baltic ‘energy island’, was detrimental to energy security. Whilst this was more heightened in Lithuania, and became more of a national security concern, in Latvia the focus was on price. Success in placing the ‘energy island’ concern within EU energy policy was a result of this commonality of interests, but did not change the fact that on energy issues competition was a commonplace as collaboration. With EU co-financing in place for an alternate energy supply in the form of an LNG port, the Baltic countries were unable to reach a consensus decision on its location, and the decision was delegated to the Commission.

Hypothesis four was supported in each case, with regional groupings proving to be an important factor in explaining influence on EU energy policy with regard to the internal energy market. The absence of strong sub-EU institutionalised regional groupings involving Bulgaria was a factor in accounting for the country’s lack of influence on EU policy and, though the overall analysis suggests that it was not the most important, it did play some role in slowing down the implementation of
regional gas interconnections. Regional groupings were of central importance in the case of Latvia, and were of limited significance in the case of Poland.

1.5. Hypothesis five: The role of administrative capacity

Administrative capacity conditions the learning of norms of decision- and policy-making; the informal ‘rules of the game’ that and can serve to magnify or undermine the uploading of national preferences. Administrative capacity also contributes towards an awareness not only of EU policy development at the technical, lower levels, where it is important to be involved, but also of the preferences of other member states, including regional partners.

For a member state the absence, or weakness, of administrative capacity in terms of a professional, well-qualified civil service with both an awareness and experience of EU procedures and inter-institutional relationships, undermines efforts to upload policies in foreign and energy affairs. Learning over time contributes towards a more efficiently functioning bureaucracy at the EU and national level, but member states have a large degree of agency in the process. Training, allocation of resources and the prioritisation of developing effective communication strategies can expedite this learning process. As the case studies demonstrated, inter-institutional rivalry, overlapping competences and the failure to reform overly hierarchical policy-making procedures can be problematic. This highlights the importance of developing an efficient procedure for communication of positions horizontally at the national level (intra- and inter-institutionally) and vertically (with EU institutions and other member states).

Administrative capacity directly affects the ability of member states to present coherent national energy policy preferences in time and to offer demonstrable expertise in energy diplomacy and policy. Administrative capacity also indirectly affects the efficiency with which the national level is informed about EU developments and can react to them.

In the case of Bulgaria, a lack of resources affected the ability to stay abreast of developments, but a lack of political will exacerbated the situation, as the Permanent
Representation was considered an adjunct to, rather than integral part of, the policy development process of a member state in the immediate post-accession period. The weakness of administrative capacity in Bulgaria also undermined both the development of national energy policy and its implementation, which contributed to a lack of long-term strategic planning. Relative weakness of administrative capacity led to delays in gas interconnections in Bulgaria, where co-financing was on offer from the EU from 2009. This was combined with, and is difficult to analytically separate from political will as an explanatory factor, but replicates a general trend for Bulgaria to have a very low absorption capacity of EU funding.

Actors with EU level experience and knowledge of procedural norms are important in explaining influence on EU policy. In the case of Bulgaria this was undermined as the Permanent Representative has relatively less resources and a more hierarchical culture that does not yet appear to have developed a European reflex in terms of considering national policy within the context of EU policy, or prioritising early involvement in and awareness of EU (and other member state) positions.

Weakness in administrative capacity was a salient factor in explaining the difficulties in the formation and implementation of an independent energy policy within Bulgaria, Latvia and Poland. In each case recruitment and retainment of personnel with expertise in energy policy was limited largely as a result of uncompetitive wages relative to the private sector and Commission. Problems persist in Bulgaria and Latvia particularly regarding short-term projects, a lack of strategic planning and a reliance on the expertise of the energy industry and the risks associated with the vested interests of such actors.

A major issue affecting Latvia’s administrative capacity is related to the ‘brain drain’ of recruiting and retaining well-qualified staff with an expertise in energy policy and an awareness of EU policy procedure. This has contributed to a perception that Latvian energy objectives and uploading are undermined by a lack of long-term strategic energy policy planning. An overly hierarchical bureaucracy remained an issue in 2013, as did coordination problems between the national and EU level. Information overload within the Permanent Representation was a problem related to insufficient resources, and contributed to difficulties in ensuring the Latvian position
was informed by an awareness of other countries’ energy policies and positions, as well as that of the EU.

For Poland this was less of an issue (though still significant), because of a larger civil service and greater resources committed to training of staff working on European issues. Also, for Poland, there were the benefits associated with holding the Presidency of the Council of the EU in 2011. This was an intense period of learning, and additional resources were made available by Warsaw for recruitment and training at the national level and particularly within the Permanent Representation, which was granted a more important status, at least temporarily. This increase in administrative capacity and the prioritisation of energy as a policy area at the national level, and as a priority within the EU, overcame to an extent the inter-institutional coordination difficulties present before 2010 in Poland. Further research is required to evaluate the longer term impact of holding the Presidency on Poland, and on Latvia in 2015 and Bulgaria in 2018.

Hypothesis five, the requirement for sufficient administrative capacity to facilitate the uploading of national energy preferences, was confirmed, though partially. In and of itself it is not sufficient to explain influence, but instead functions as a mediating interactive variable, supporting or undermining the effects of political will and diplomatic skill (hypothesis two) in particular, but also the use of regional alliances and groupings (hypothesis four). Administrative capacity affects the ability to develop and coordinate coherent expert national preferences that contribute to demonstrable expertise and persuasive advocacy in bilateral, regional and EU configurations; both ‘from below’ at the technical Commission and Council Working Groups level, and defended ‘from above’ in Council summits (Princen and Rhinard, 2006).

2. Reflection on the conceptual framework and contribution to literature

This study has looked at the influence on policy process and policy substance, on agenda-setting, policy-making and policy implementation. The case studies have focused on (uploading) Europeanisation in terms of influencing EU energy policy,
whilst recognising and considering to a lesser extent the (downloading) Europeanisation of domestic institutions and procedures and the link between the two. A challenge has been that the uploading dimension of Europeanisation has been relatively under-theorised and this is particularly the case with NMS. The methodological framework is an attempt to test conceptually derived, deductive, hypotheses with the empirical research.

2.1. Conceptual reflections

Securitisation of sovereignty in Central Europe…is central to the construction of security. It is principally through the notion of sovereignty that the concept of security serves not only to oppose but also to promote European integration…sovereignty is important because it is threatened (Kuus, 2007: 81).

The conceptual framework used is based on the work of Tallberg (2008), Wallace et al., (2005), Pomorska (2007), Kaminska (2007; 2008) and Copsey and Pomorksa (2010). It was hypothesised that influence capacity derives from five factors: perceptions of energy (H₁), security, diplomatic skill (H₂), the role of Russia (H₃), regional alliances (H₄) and administrative capacity (H₅). As section one of this chapter demonstrated, each of these elements plus the role of Russia, was a factor, to a greater or lesser extent, in explaining the influence of NMS on EU energy agenda-setting, policy-making and policy implementation.

It is important to note that Europeanisation as conceptualised in this study constitutes two parallel and interactive processes, that of uploading and downloading. It is, as Hill and Wong argued, ‘a constantly circular relationship whereby states react individually to propositions discussed collectively, thus contributing to mutations in the positions they may end up downloading’ (2011: 219). However, the focus in this research is on explaining uploading (and non-uploading).

A key finding of this research and contribution to the literature on European integration and policy-making is the importance of socially constructed conceptions of energy (in)security and vulnerability in accounting for member state influence on EU energy policy. This supports the findings of Ciuta (2009) and Kuus (2007)
regarding the construction of ‘threats’ to security, and Campbell (2002), t'Hart (1993) and Hay (1996) in terms of the construction of ‘crises’. Whether an energy ‘threat’ or energy ‘crisis’ exists is related to material indicators of the vulnerability of energy supplies, pricing, storage and diversification, but this research has also confirmed that such a perception is also strongly informed by ‘actors’ history, identities, and strategic myths’ Ciută (2009: 137). It is the extent to which governments and other key energy actors conceive energy supplies and prices to be insecure that affects the development of energy policy attitudes towards risk, and how best to insure against risk. In turn this is a strong explanatory factor in accounting for the extent of political will to make energy policy changes at a national level and/or to upload these preferences to the EU level in an attempt to influence agenda-setting, policy-making and policy implementation.

It is important to note the interconnectness of the hypotheses. The factors tested in this research for their explanatory power do not operate in a vacuum, but to a greater or lesser extent inform one another. In a sense it is the first hypothesis, the construction of energy (in)security, which operates as an interactive variable in member state influence over energy policy. It affects political will (H2), the utilisation of regional groupings (H4) and informs and is informed by relations with Russia as a major or monopoly gas supplier (H3). At the national level when energy security, or even national security in the case of Poland, is considered threatened then this has an effect on the political will to effect change in energy policy (H2), to use regional (and strategic) groupings to coordinate and amplify national and regional preferences (H4) and to focus limited administrative resources on the policy area (H5).

Chapter two argued that a policy window opened at the EU level because of several factors: increasing energy demand, import dependence and competition for supplies, dependence on a single transit route and related gas supply disruptions in 2006 and 2009, Russia’s energy strategy and gas infrastructure investment, and increasing gas prices. A degree of consensus within the CoEU and EP, and strong advocacy by the Commission, formed around the perception that energy supplies (and prices) were insecure, and that part of the solution was Treaty and policy reform that would delegate authority to the Commission; a qualified ‘communitarisation’ of energy
policy within the EU particularly in the internal dimension, despite substantial sovereignty remaining at the member state level and preventing a common EU energy policy.

As chapter one outlined, this research considers Europeanisation not necessarily as the internalisation of rules and norms of behaviour (though it does not discount the possibility over a longer period of time since accession). Instead, the conceptualisation was of a form of compliance based on strategic calculation on the part of relevant member state actors, both in Brussels and national capitals, through the learning of appropriate norms and rules and behaviour conducive to influence at the EU level. The process was considered to be the filtration of policies through national capitals and representatives in Brussels, and the interaction between and effects upon the two mutually constituent levels of policy and decision-making. The empirical chapters demonstrated how over time frequent interaction with relevant institutions and actors did improve member state actors’ knowledge of a policy area, of the policy-making process, and of norms of behaviour and strategy that prove conducive to successful preference uploading from the national to EU level. However, the most ‘Europeanised’ officials are those with experience working in Brussels, or the top layer of national officials, who often leave the employment of the government. In the short-term, administrative capacity and EU as well as policy specific expertise eroded as a result, though in the longer term it is expected that this will be countered by a gradual build-up of EU expertise and experience.

Agency is important. Learning to play the ‘EU game’ is conditioned by political will as well as time, the prioritisation of administrative resources and administrative capacity. This is necessary to ensure an efficient link between the Permanent Representation and the national capital, to minimise inter-institutional battles over competence and to ensuring that diplomatic efforts are focussed not only at later Council negotiations, but that involvement in the policy-making and agenda-setting process is consistent.

As noted in chapter one, Katzenstein (2003: 16) concluded that ‘small size favours debate and learning and economic openness and international vulnerability mean control over fewer resources and the probability of greater loss. Hence the environmental conditions in which small states operate are particularly conducive for
high learning’. For the case studies of this research there was not found to be any significant correlation between learning and state size. Poland has most demonstrated learning, Bulgaria least, and Latvia somewhere inbetween the two.

Chapter one argued that interaction, even partnership, with the Commission was a key channel for influence on EU policy. This has been confirmed in energy policy, particularly since the policy area became an EU priority in the mid-2000s. Whilst different (even competing) institutional venues within the EU and within the Commission have different objectives, the solutions need not be mutually exclusive. For example, both DG Trade and DG Energy framed the problem of reliance on Russian gas as risks in different ways, that of a growing trade deficit, an asymmetry of interdependence, and of posing risks to gas supply disruption respectively. As such ‘strategically minded policy units, frame initiatives to fit with certain institutional venues’ (Princen and Rhinard, 2006: 1126) and strategically minded member states need to do the same. The Commission has been a key actor, and the EP an important supporter, in driving energy policy development. Poland and Latvia benefited from proposing solutions to energy insecurity which converged at points with the interests and (pre-existing) objectives of the Commission.

This study has tried to fill in the analytical picture on how member states navigate within the EU as newcomers and how they act and react to pressures and opportunities newly available to them. The contribution of this study is in researching how NMS attempt to influence EU policy in the post-accession period, and in cases where they do not, why not? The uploading of national policy is relatively under-theorised compared to Europeanisation downloading, and this is particularly true for NMS. No previous study has analysed preference uploading of NMS on energy policy in a cross-country comparative case study.

The thesis has evaluated member state influence on EU policy. It is concluded that the process of Europeanisation, of uploading and downloading, exists in a mutually constitutive and dynamic relationship. This relationship facilitates the influence of non-large and newer member states on policy areas. They inform and are informed by the formal rules and legislation of EU decision- and policy-making, the informal norms and behaviour, and perceptions of crisis and (in)security.
This thesis has not sought to produce, and does not conclude with, precise measurements of the influence of NMS on the EU. In terms of the influence of NMS, in some cases it is admittedly more clear cut what the direct effect of a single member state is (for example a veto in the council). This is rare, however. It is a slower process, in which dynamic constellations of actors coalesce and effect change, in partnership with EU institutions and the Commission in particular, but also and with less effect in regional and strategic groupings. It is not, therefore, possible to identify and isolate influence attributed to one member state precisely, though it is concluded that the relative influence of Poland, Latvia and Bulgaria on EU energy policy has been high, medium, and very low respectively. NMS are not restricted to a role of passive downloaders of EU policy, instead they have the potential to effectively upload national preferences and affect agenda-setting, policy-making and policy implementation. This potential is not a simple reflection of their ‘material’ power indicators. Rather uploading potential is conditioned by the actions of member state actors and governments.

Member states have their greatest potential influence where: they have a detailed policy to be uploaded, they give consistent messages/lobbying, domestic actors speak with one voice (policy coherence), formal and informal diplomatic and policy-making norms are adhered to, the member state possesses demonstrable expertise and the ability to present policy using the rhetoric of the European rather than the national, or where alliances are used to push for a regional claim. They have the least impact when uploading efforts lack these elements and tend instead towards inconsistent or incoherent lobbying, or lack persuasive advocacy which could be a result of a lack of credibility as an advocate, or the failure to be sufficiently involved in policy-making particularly at the earlier, technical stages.

The CEE countries had different starting conditions to many OMS because of their paths to independence and EU accession, and the study has explored how these differences exist as much between NMS themselves as between the NMS and OMS. Comparative empirical work on how these post-communist political economies react to exogenous shocks such as energy supply disruptions and price increases offers several insights into, and a contribution towards an understanding of the influence of enlargement on the policy and decision-making of the EU. This depends upon
energy policy instruments and objectives, the polity - structure of norms and institutions involved in decision-making, and politics - the power configuration and actors’ strategies. Energy insecurity is not an inevitable result of indicators of energy vulnerability such as supply disruptions and price increases. Rather the securitisation of energy policy is socially constructed. The empirical analysis suggests that the most important factor in accounting for member state activism in EU energy policy is the perception of energy security held by the member state government at any point in time. This is a necessary though not sufficient condition for uploading national preferences, and all five hypotheses are relevant to a study of whether activism is converted into influence.

The research has aimed to bring together insights from literatures on EU agenda-setting, Europeanisation and research on new(er) member states. By applying concepts used to study traditional security (in Central and Eastern Europe) this study has provided new empirical work related to energy security, with particular focus on its construction and historically informed nature related to the Soviet Union/Russia. It is, as such, a contribution to the literature on foreign and security policy as well as that on energy policy. The study has included an analysis of invocations of crisis and insecurity and their policy responses, examining how energy security can become a national security and foreign policy issue.

3. Methodological reflections

In focusing on the key gas policies and projects of each member state it was not possible to directly compare the influence of each country on a specific piece of legislation or policy. Instead the objective was to consider how national energy preferences were pursued at the EU level. Also, in focusing on gas (whilst acknowledging the role of gas in the overall energy mix), an in-depth understanding of other energy sources was not possible, and yet the nuclear, coal, oil and renewable industries of each country also affect national gas and general energy policy preferences.
It is important to note that the arguments presented in this study are analytical, rather than normative; the study did not seek to establish whether energy policy should be reformed and to an extent communitarianised, energy markets should be liberalised, or whether diversification policies should be pursued. It does not draw conclusions on whether EU influence for newly acceded member states is beneficial to their (energy) security. However, it is acknowledged that having been based in institutions that at least partly advocated positions along these lines during the fieldwork period is likely to have shaped the findings, and those more critical of such policies were not always open to sharing their views. For example, in Bulgaria the MFA declined all approaches for interviews at every level over a three month period.\(^{151}\)

Establishing causality between the uploading attempts of member states and energy policy and legislative changes was the most challenging aspect of the study. The role of exogenous shocks as an interactive variable has been demonstrated to be significant, though isolating the extent of the influence that can be attributed to the actions of governments of the case study countries has relied on the triangulation of sources. The availability of documents relating to member states positions on EU policy was variable and many EU, national and commercial documents were unavailable. The majority of energy policy development at the national level occurs outside of the publicly available domain, and at the EU level national positions are not always accessible.

A more accurate evaluation of changes in influence, strategies and also perceptions of energy security might be achieved by conducting further interviews and re-interviewing actors. This longer term empirical data gathering could more reliably test for changes in energy policy, uploading strategies, perceptions of energy security, perceptions of influence and even identities.

4. Future research agendas

Future research is necessary to investigate several areas related to the influence of NMS on EU energy policy, including the role of non-EU regional alliances, to

\(^{151}\) Agreeing only to a written response to questions.
investigate the relationship between Poland, Latvia and Ukraine, as well as the relationship between the Bulgaria and Balkan states and Turkey.

Given the centrality of perceptions of national security and sovereignty to NMS in this research, the role of the US needs to be considered, in terms of US government objectives in the region, NATO objectives, and the interests and objectives of US energy companies. The latter is particularly important with regard to the exploration and potential commercial exploitation of domestic reserves of shale gas and, in Bulgaria, natural gas. US production of natural gas may be used for export to CEE for commercial and/or strategic objectives. With regards to Ukraine, the importance for NMS is relations with a potential EU candidate country, as a neighbour and as a key, if currently declining, gas transit state. For these reasons developments in early 2014 are likely to have an effect on the national and energy strategies and objectives of Bulgaria, Latvia, and Poland as well as other NMS. The effect may also be on the EU’s energy policy objectives, in terms of reinforcing the perceived importance of supply diversification and disruption mitigation strategies. In March 2014 the Council called for the internal energy market to be completed in 2014 and requested the Commission conduct a study on energy security and present a plan for reducing energy dependence by June 2014 (European Council, 2014: 10).

There are indications that the reaction to recent developments in Ukraine and Russia match the general findings of this research. Of the case study countries it is Poland that has been at the centre of diplomatic efforts and has deployed the rhetoric of securitisation in terms of sovereignty/national security and energy security. Poland invoked NATO’s Article Four on 4 March 2014, only the fourth time a NATO member state has done so since 1949 (NATO, 2014). This was followed by a meeting of foreign ministers from the V4, Nordic and Baltic countries, on 6-7 March (Polish Government, 2014a) and a meeting of foreign ministers of the V4 and Germany on 13 March (Polish Government, 2014b).

Related to the need to analyse the role of the US, the V4 sent a letter on 7 March 2014 to the US Congress, stating that ‘Gas-to-gas competition in our region is a vital aspect of national security and a key U.S. interest in the region’ and calling on the US to export shale gas to Europe to counter-act what they perceived as Russia’s political use of its energy resources (Washington Post, 2014). It is clear from this
that Poland has continued to use regional and strategic alliances to develop and promote its national energy preferences.

Foreign Minister Sikorski argued that ‘We should see recent events in Crimea also as a wake-up call to speed up our actions on energy: the third energy packet, and construction of LNG terminals and interconnectors’ (Sikorski, 2014: online). In March 2014, the Prime Minister Donald Tusk equated traditional security threats with energy security and proposed a ‘European Energy Union’ which includes increased EU infrastructure funding and a single EU gas importer (Tusk, 2014). There is also evidence that Latvia will continue to prioritise the Baltic States grouping to achieve energy security objectives (Latvian Government, 2014). 152

For Bulgaria, concerns were less pronounced, with the Minister of Economy Stoynev on the stating on 27 February that, ‘at this stage I see no concerns for Bulgaria’s energy security, no matter if [we are speaking] about gas deliveries or nuclear fuel deliveries’ (Stoynev cited in Focus, 2014). However, on 7 March Gazprom Director Miller warned that, ‘either Ukraine pays off its debt and pays for current deliveries or there’s a risk of a return to the situation we saw in 2009’ (Miller cited in Novinite, 2014).

Further focus is required on opening the ‘black box’ of domestic politics and changes in government. This should consider in greater detail the role of opposition parties and actors over time, as well as the influence of civil society. Included in this should be a consideration of the relationship between the state and the market (and neoliberal reforms) in the governance of energy policy. The path dependencies of these constellations of power relationships influence the energy sector and general economy.

A characteristic of all three NMS was the nascent development of a wider debate on energy policy beyond an energy elite consisting of government and energy industry actors, to incorporate civil society and the influence of non-governmental expertise and preferences. Future research will look at the extent to which civil society plays a

152 ‘We will implement joint position of the Baltic States that is rooted in national interests of Latvia regarding strategic energy issues within the framework of the BEMIP platform; we will defend the national interests of Latvia in the course of implementation of projects of common interest and the Connecting Europe Facility (CEF)’ (Latvian Government, 2014: online).
role in shaping the agenda of national and European energy policy, for example the
development of decarbonisation energy objectives via decentralised energy
production such as community renewable projects. Greater societal interest,
engagement and representation is also likely to be a feature of energy policy as
energy poverty and vulnerability become more salient issues for electorates and
governments, with more focus given to this pillar of national and EU energy security.
APPENDIX:

1. List of Interviews


Senior EU NGA #1, 2010: Brussels, 03/09/2010.


Senior EU NGA #3, 2012: Brussels, 09/11/2012.

EU NGA #1, 2010: Brussels, 10/09/2010.


Senior Polish official #4, 2011: Ministry of Economy, Warsaw, 04/05/2011.

Senior Polish official #5, 2011: Ministry of Economy, email, 16/08/2010.

Polish official #1, 2011: Ministry of Foreign Affairs, email, 04/05 2011.

Polish official #2, 2011: Department of Coordination of Poland’s Presidency of EU Council, by email, 22/05/2011.
Polish official #3, 2011: Ministry of Economy, email, 12/05/2011.

Polish official #4, 2011: Ministry of Foreign Affairs, Warsaw, 04/05/2011.

Senior Polish NGA #1, 2011: Warsaw, 13/04/2011.


Polish NGA #4, 2011: Warsaw, 14/04/2011.

Senior Bulgarian official #1, 2011: Ministry of Economics, Energy and Tourism, Sofia, 02/08/2011.


Senior Bulgarian official #5, 2011: Ministry of Foreign Affairs, email, 05/12/2011.

Senior Bulgarian official #6, 2011: National Assembly, Sofia, 05/07/2011.


Bulgarian official #4, 2013: Permanent Representation of the Republic of Bulgaria, Brussels, 04/01/2013.

Senior Bulgarian NGA #1, 2011: Sofia, 25/08/2011.

Senior Bulgarian NGA #2, 2011: Sofia, 12/10/2011.
Senior Bulgarian NGA #3, 2011: Sofia, 01/09/2011.
Senior Bulgarian NGA #4, 2011: Sofia, 26/08/2011.
Senior Bulgarian NGA #5, 2011: translator used, Sofia, 11/07/2011.
Senior Bulgarian NGA #6, 2012: Brussels, 18/12/2012.
Bulgarian NGA #1, 2011: Sofia, 24/06/2011.
Bulgarian NGA #2, 2011: Sofia, 19/08/2011.
Bulgarian NGA #4, 2011: Sofia, 04/07/2011.
Senior Latvian official #1, 2012: Ministry of Economics, Riga, 23/03/2012.
Senior Latvian official #2, 2012: Ministry of Foreign Affairs, Riga, 20/03/2012.
Senior Latvian official #3, 2012: Ministry of Economics, Riga, 20/03/2012.
Latvian official #2, 2012: Ministry of Foreign Affairs, Riga, 18/04/2012.
Latvian official #4, 2012: Ministry of Economics, Riga, 23/03/2012.
Latvian official #5, 2012: Parliament, Riga, 15/03/2012.
Latvian official #6, 2013: Latvian Perm Rep, Brussels, 10/01/2013.
Senior Latvian NGA #1, 2012: Riga, 19/04/2012.
Senior Latvian NGA #2, 2012: Riga, 04/04/2012.
Senior Latvian NGA #3, 2012: Riga, 12/04/2012.
Latvian NGA #1, 2012: Riga, 19/04/2012.
Latvian NGA #2, 2012: Riga, 17/04/2012.
Latvian NGA #4, 2012: Riga, 04/04/2012.
Latvian NGA #5, 2012: phone interview, 21/03/2012.

Hungarian official #1, 2013: Brussels, 18/01/2013.

Slovakian official #1, 2013: Brussels, 25/01/2013.

UK official #1, 2011: Sofia, 04/08/2011.
2. Ethical Approval

2.1. Confirmation of approval:

“From: Timothy Stibbs <timothy.stibbs@manchester.ac.uk>
Date: 14 June 2010 13:19
Subject: RE: Project for ethical approval
To: Tomas Maltby <tmaltby@gmail.com>
Cc: "ann.cronley@manchester.ac.uk" <ann.cronley@manchester.ac.uk>

Dear Tomas,

Thanks for sending the information sheet and consent form. These are fine and there are no other ethical considerations, so the project has received ethical approval and you may proceed with the research.

Best wishes

Timothy Stibbs

Dr Timothy Stibbs
Secretary to the Research Ethics Committee
University of Manchester”

2.2. Consent form:

“If you are happy to participate please complete and sign the consent form below:

1. I confirm that I have read the attached information sheet on the above project and have had the opportunity to consider the information and ask questions and had these answered satisfactorily.

2. I understand that my participation in the study is voluntary and that I am free to withdraw at any time without giving a reason and without detriment to any treatment/service.

3. I understand that the interviews will be audio-recorded, and can request that they are not.

4. I agree to the use of anonymous quotes.

5. I agree that any data collected may be passed to other researchers.

I agree to take part in the above project
2.3. Participant information sheet

“You are being invited to take part in a research study for a PhD.

Who will conduct the research?

Tomas Maltby, PhD candidate, Department of Politics, School of Social Sciences, University of Manchester.

Title of the Research


What is the aim of the research?

The aim is to discover the extent to which EU membership affects the formation of national foreign policy, and the extent to which New Member state (NMS) have also shaped EU level policy-making.

Why have I been chosen?

Expertise in the policy area.

What happens to the data collected?

Data will be used for the PhD and related journal papers and manuscripts.

How is confidentiality maintained?

All interviews will be anonymous and no quotes will be attributed to the interviewee without prior permission. All data will be stored securely and used solely for research associated with this PhD, and publications relating to it.

What happens if I do not want to take part or if I change my mind?

It is up to you to decide whether or not to take part. If you do decide to take part you will be given this information sheet to keep and be asked to sign a consent form. If you decide to take part you are still free to withdraw at any time without giving a reason and without detriment to yourself.

Contact for further information
If there are any issues regarding this research that you would prefer not to discuss with members of the research team, please contact the Research Practice and Governance Co-ordinator by either writing to 'The Research Practice and Governance Co-ordinator, Research Office, Christie Building, The University of Manchester, Oxford Road, Manchester M13 9PL', by emailing: Research-Governance@manchester.ac.uk, or by telephoning 0044 161 275 7583 or 275 8093”

3. Example interview questions

3.1: European Commission interview questions

1. My research focuses on Poland, Latvia and Bulgaria. With regard to energy policy at the EU level, have any of these, or other newer (since 2004) member states been:
   - more active than the others?
   - more influential than others?

2. With Croatia joining the EU in July, what lessons do you think have been learned by newer, smaller, member states in how to successfully participate in energy policy?

3. To what extent has Gazprom proved an obstacle to newer member state involvement and general Commission energy diversification objectives?

4. What are the biggest challenges remaining in completing the internal gas market?

5. How important have regional groupings been to setting (and achieving) energy security objectives (the Visegrad Group, the Baltic states, Black Sea / South Eastern European groupings?)

6. Was the nationality of Commissioner Pielbags influential in focusing attention on the import dependency and lack of diversification of energy supplies?

7. Do you think the Commission would have been able to achieve recent developments in energy security policy without the recent enlargements?
   - And have perceptions of energy security / insecurity been affected by the enlargements (or perhaps more to do with the gas supply disruptions and rising prices and import dependence)?
3.2. Member state official example interview questions

1. Whether there has been a change in the relationship between the Slovak Republic and the EU in energy policy since 2004? (lessons learnt, strategies used, influence achieved).

2. How the gas supply disruptions of 2006 and 2009 affected perceptions of energy security and import dependence, and energy relations with Russia.

3. Whether regional groupings and/or bilateral relationships with other member states have been used to coordinate energy policies with neighbouring countries, and increase the influence of the Slovak Republic? (such as the Visegrad Group).

4. The Slovak Republic’s role on specific projects such as gas interconnectors and the North-South gas corridor (in terms of promoting and influencing the projects, and securing funding).

5. Whether there has been a change in the relationship between Slovakia and the EU in energy policy since 2004? (lessons learnt, strategies used, influence achieved).
   - Do you have any examples of lessons learnt by Slovakia since accession (within the Perm Rep or beyond) regarding effectively participating in EU energy policy + decision-making?
   - Do you have any examples where Slovakia has been influential in energy policy-making?
   - What are the main obstacles?
   - What challenges are there as an energy attache of a smaller new member state?
     - Is it always possible to send information or receive information from the government on time?
     - How much of a priority is it to find out the positions of other member states, or even coordinate with them more formally?
       - And does this occur / or is it prioritised more with neighbouring states?

6. Whether regional groupings and/or bilateral relationships with other member states have been used to coordinate energy policies with neighbouring countries, and increase the influence of Slovakia?
   - How useful is it for Slovakia to have
     - a) Poland pushing for solidarity;
     - b) Lithuania taking an anti-Gazprom stance;
     - c) the Commission doing both?
• Have lessons been learnt from these other newer member states? Lithuania with Presidency of the Council in 2015, Lithuania this year, Poland in 2011

7. Slovakia’s role on specific projects including BEMIP and LNG (in terms of promoting and influencing the projects, and securing funding).
   - To what extent have plans for the Baltic LNG plant been a result of Slovakian and Lithuanian and Estonian activism, and how much pushed by the Commission?
   - Same question for BEMIP and the gas interconnectors / ending the energy island situation

8. How the gas supply disruptions of 2006 and 2009 affected perceptions of energy security and import dependence, and energy relations with Russia.
   - Is energy security still considered a high priority area for Slovakia, or is this diminishing?
     o Is the EU perceived as an effective energy security guarantor?


CoEU (1977) ‘Council Decision of 14 February 1977 on the exporting of crude oil and petroleum products from one Member State Member state to another in the event of supply difficulties’, Council of the European Union.


communication from the Council in response to request for access under Regulation 1049/2001 – Reference number 11/1055-mj/ank.


Commission (2006b) ‘The Commission takes action against Member States which have not opened up their energy markets properly’, European Commission, IP/06/430, Brussels, 4 April 2006.


Commission (2011j) ‘EU gas market: Commission refers Bulgaria and Romania to court to ensure European law is properly implemented’, European Commission, 24 November 2011.


2012.


Hoffmann, S. (1966) ‘Obstinate or Obsolete? The Fate of the Nation-State and the Case of Western Europe’, *Daedalus* 95(13): 862- 915.


Novinite (2012d) ‘Bulgaria Signs South Stream Gas Pipeline Deal with Gazprom’,


November 2009,


Spruds, A. (ed) (2012) *The Economic Presence of Russia and Belarus in the Baltic States: Risks and Opportunities* (Centre for East European Policy Studies, Latvian Institute of International Affairs, Centre for Geopolitical Studies, Academic Center for Baltic and Russian Studies (ABVKeskus)).


Tsakiris, T. (2010) ‘Balkan gas interconnectors progress as Borissov grows wary of


Von Reppert-Bismarck (2010) ‘Russia-Poland gas deal in line with EU law-EU energy chief’, Reuters, 4 November 2011,


