The role for Cooperative Security in energy conflicts

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Recent years have seen a remarkable transformation in the importance that energy relations play in states and societies around the globe. At least since the onset of modern forms of mechanized warfare, energy has had a strong geostrategic and security dimension — perhaps first beginning with the conversion of the British navy from coal to oil fired engines under Winston Churchill. For much of the Twentieth Century, the Middle East acquired a key strategic role because of its importance in the supply of oil to world markets. Over the past decade, however, there has been a pronounced shift in the nature of energy’s role and the perception of its significance. Energy has moved to the centre of the international security agenda.

The factors that have promoted this shift are complex and diverse but it is possible to identify a core set of developments. Firstly, the global economy has begun to undergo profound changes with the rise of the new large Asian economies of India and China. As a result, the main new demand for energy has shifted outside the traditional OECD industrialized economies for the first time. Often the new consumer companies have sought to pursue their energy ambitions through national energy companies, reinforcing the move away from market based approaches to energy that has been promoted by producer countries over recent decades. Finally, the world has entered the era of the decline of ‘easy energy’ as the large, relatively cheap, hydrocarbon reserves located near consumer markets have become exhausted. New energy reserves are increasingly in geographically inaccessible regions — the Arctic — or in areas that are landlocked — for example the Caspian region.

Together these developments have promoted an increased competition over gaining access to energy resources and a focus on their secure and reliable transport to the market. In Eurasia, this combination of factors has been compounded by the break-up of the Soviet Union at the beginning of the 1990s. The collapse of the Soviet order did not simply result in the creation of new states to replace the USSR, it also led to the fragmentation of the unified Soviet energy system. During the Soviet period, energy infrastructure was constructed without attention to what have now become international borders. Pipelines and electricity transmission networks as well as power generation capacity were created within a single economic and political space.

The fragmentation of this formerly unified energy system with the disintegration of the Soviet state has led to the creation of distinct national legal, political and economic systems to manage this complex system. As the Ukraine-

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Russia gas relationship has demonstrated, in the sometimes tense political circumstances of the post-Soviet territories, it can prove difficult to manage the formerly unified system with multiple actors. Indeed, in a situation where neighbouring states have problematic relations or have even been involved in conflict, such as in the Caucasus region, energy has become an issue than can promote the further deterioration of relations between countries.

In Eurasia, the impact of difficult energy relations has so far been felt most acutely in the western and southern areas of the former Soviet Union. Today though, the states of Central Asia are caught up in a cycle of deteriorating relations over the construction of upstream hydropower electricity generation capacity and the potential impact of such initiatives on down stream water supply and agriculture. Already this issue has prompted some undiplomatic language, while at the end of November 2009 Uzbekistan announced its unilateral withdrawal from the former Soviet Central Asian electricity grid.

The growing tension over energy, which is caused by far reaching global trends as well as regional developments, is a cause for concern. The issue of energy generally falls outside the sphere of established security organizations such as the Organisation for Security and Cooperation in Europe (OSCE), the North Atlantic Treaty Organisation (NATO) or even of newly established ones in the east such as the Shanghai Cooperation Organisation or the Collective Security Treaty Organisation. At the same time, the international organizations that normally address energy security issues such as the International Energy Agency, OPEC, the Energy Charter Treaty lack either the geographic scope or the diplomatic mandate in respect to conflicts over energy.

Important efforts have been made to strengthen the capacity of international organizations to address energy conflicts. The OSCE has, for several years, conducted an energy security dialogue. NATO has examined a possible role in the protection of critical energy infrastructure, while international energy organizations have seen an increased participation by diplomats alongside the conventional representatives from energy ministries as a way to strengthen the political dimension of their activities. None of these initiatives has, however, led to the creation of the necessary expertise, capacity and mandates at the international level to address energy conflicts effectively.

Instead, the approach taken has generally been to try to manage concerns over energy security through bilateral initiatives. Such an approach does not so much address the root causes of energy conflict and build confidence as seek to bypass problems and to place energy at the centre of power politics. The European Union and the Russian Federation have each adopted policies of diversification. The Russian Federation is pursuing a policy of diversifying its gas supply routes away from Ukraine with the creation of the North and South Stream pipelines. The European Union has primarily been seeking to diversify its supplies away from Russia, through increasing supplies from North Africa and the Middle East, as well as the Caspian Region and from LNG.

In fact, policies of diversification have contributed to a growing negative