

EU Foreign Energy Policy – The Vulnerable Part of Energy Union Strategy

MARIANA PAPTULICĂ

Senior researcher Centre of European Studies
Institute for World Economy
Bucharest
ROMANIA
m.papatulică@yahoo.com

***Abstract:** Despite the liberalization and harmonization of energy laws started by the European Commission in the midst of 1990s, EU energy policy has remained traditionally a national problem rather than a common one. European energy sector remains fragmented, not only because of the technical complexity of energy markets and geography of Europe, but also due to lack of political initiative at national level to remove obstacles in the way of integration of national markets into a single market. Despite the technical difficulties associated with the creation and management of large energy markets, industry experts believe that one can find further integration solutions for regional convergence and overall price. Lack of premises in this area made that major decisions of some countries facing the same challenge in this field lead to a further fragmentation of the market, which lead to the national supremacy over the Community level, at least for this stage. One of the most vulnerable part of Energy union strategy is the common external energy policy; being directed related to the concept of security of supply, by attaining its main objectives of diversification of energy sources and security of transport routes requires a better system response to the crisis determined by the unstable international market for fossil energy and a collective energy security approach at EU level.*

Key words: *European energy union, energy security, external energy policy, source diversification, integrated energy market.*

JEL classification: Q40, Q42, Q43, Q48, Q4, Q01

1. Introduction

The Energy Union strategy has been conceived as an opportunity and a tool to accelerate the transition to a low carbon energy system in Europe. The project of the Energy Union is based on an original idea of Jacques Delors¹ and Jerzy Buzek² from 2010, and later has been developed upon a political proposal of Jacques Delors Institute, “Notre Europe”.

According to Aleksandra Gawlikowska-Fyk, head of the energy division at the Polish Institute of International Affairs (PISM), the idea of the Energy Union was the result of a brainstorming session between Donald Tusk, former Polish prime-minister and his then-European Affairs Minister, Piotr Serafin, after the European Council meeting in March 2014. She says that the Tusk proposal was “the voice of Central and Eastern Europe on security of supply”. It was not meant “to substitute EU policy, but to supplement it with the long-underestimated energy security issue”. (Beckman, 2015)

So, EU Energy union project emerged as a consequence of an objective reality: a long period of time, the concept of energy security could not acquire a real strategic and sustainable dimension because of the different interests of Member States, both internally and in their relations with third-party suppliers. The

¹ Jacques Delors, three times president of the European Commission

² Jerzy Buzek, President of the European Parliament (2009-2012).

European Union cannot fully integrate its economy unless energy was part of that integration. Both the 2007 Lisbon Treaty and the Energy Union strategy emphasize that solidarity among EU member states is essential for the European Union to build a common, integrated, and internal energy market.

Energy Union has been designed as a strategy to guide EU energy and climate policy, not as a specific policy itself. In March 2015, the EU Council endorsed the European Commission's "Energy Union" strategy for a comprehensive climate and energy policy as the third of ten overall Commission priorities.(COM (2015)80)

After the Greek bailout strained the concept of a monetary union, the ongoing migration crisis weakened the concept of open internal borders, and the Brexit vote now shows that EU membership itself is fungible, the need for EU solidarity in the energy sector become more important than ever.

The idea is to tear down the physical and regulatory barriers to the free flow of electricity, oil and gas across the EU countries. Something that in the U.S., but not in the EU, has already been achieved. "Energy is the missing piece not only of the EU's internal market but also of the whole European integration," said Jerzy Buzek, former Polish prime minister, now an MEP who chairs the European Parliament's industry and energy committee.

Getting these objectives isn't going to be easy. As the broad and relatively uncontroversial idea of an energy union become more concrete, rising frictions between countries and interest groups have developed.

2. The key dimensions of Energy Union

The EU Energy Union project is based on five pillars (COM (2015)80):

a. Ensuring the **security of supply** sources for every EU country, because European Union imports 53% of its energy (all sectors combined), leaving it with a high bill despite current low oil prices. „Until the Ukraine crisis, the EU treated superficially the common European energy security issue – with the purpose to protect and take on challenges - even if formally multiple binding documents were developed in this regard. The failure of the common foreign policy, especially in the neighborhood of EU Eastern border, which has radicalized the conflict with Russia until it resorted to annexations, is not likely to support a common energy policy at least in the medium term, simply because of the energy dependence of many EU countries on third-party suppliers outside the EU –an issue involving important security concerns”.(Papatulica,2015)

b. Achieving a **fully integrated internal market**, by improving the flow of electricity and natural gas throughout Europe and promoting healthy competition among energy suppliers and empowering consumers to choose their provider freely;

c. Assuring an **improved energy efficiency**: a lower energy consumption will not only reduce pollution, but also the EU demand for energy imports.

d. **Decarbonising the economy** by meeting the target of **emissions reduction** by 40% until 2030, compared to levels from 1990. To reach this level, the EU aims to reform the system of emissions trading, the main tool to combat global climate. The aim is to raise the price of carbon permits that societies should hold to pollute.

e. Putting a growing accent on **research and technological innovation** to support advances in low-carbon technologies and renewing energy infrastructure.

3. Contradictions between Community and National interests

As I have already mentioned, the contradictions between Community interests and the national ones are feeded by the emergence of inevitable disagreements between Member States, as regards the objectives of a common energy policy. A lot of questions and reasons arise in this view:

-Many are asking why it is necessary to invest in new LNG terminals given that the world market is now flooded with a surplus of gas and Russian gas is cheaper than liquefied gas supplied to EU from more remote countries? (Gurzu,2015)

-What sense does for EU to seek to conclude contracts for gas import from Turkmenistan, Azerbaijan, etc., in a period when it should act to reduce the share of fossil fuels in primary energy mix?

- Spain is well equipped with terminals that can receive large quantities of LNG, but does not have sufficient interconnections with France to deliver gas (after being re-gasified) to other countries. Therefore French and Spanish companies have to be involved in the construction of a gas pipeline in order to allow LNG to cross the rest of Europe.

- Would European Commission be allowed to check out long term gas import contracts of each member country before concluding them? Central Europe countries, mainly Poland, sustain such a measure while Germany does not want that trade secrets of its companies with Russian partner, Gazprom, to be disclosed. In fact, Germany intends to preserve a preferential relationship with Russia;

- Eastern Europeans do not agree with the EU's desire to boost renewable energies. Green energy does not create many local jobs as they are found primarily in countries such as Germany or Denmark, who are owning also the most important companies in this field and the most advanced technologies; (Gurzu, 2015)

- Market integration seems to be politically agreed by some governments, particularly in those countries with relatively cheap energy sources. But in a market where prices are determined by marginal technology, integration of local energy markets could lead to a price rise in countries with the lowest marginal costs of technology;

- Even if the result of the Energy Union is more and better energy supply, the unequal distribution of gains may deter governments to consider further integration process. This could be the case in France, where full integration with neighboring countries could lead to an increase in electricity prices, because all technologies for electricity production have incremental costs higher than those based on nuclear power, which is prevalent in France.

- Some of the current measures to combat climate change, such as implementation of policies to support renewable energies have a national character and could contribute to a deeper fragmentation of energy markets. For example, subsidies for more renewable energy in a given country could increase electricity costs and could lead to different prices from one country to another, with negative implications for competitiveness and competition.

- Investment decisions are distorted by the existence of different mechanisms to support renewable energies and different systems for emission permits allocation within the European permits trading.

All considerations described before are causing numerous doubts as to whether the Energy Union could eliminate differences between the approach at Community level and national options. This question is also emphasized by David Buchan, a researcher at the Institute of Energy Studies at Oxford who says "*everything depends on the governance and implementation of energy policy objectives in the Member States*" (an issue on which the Commission document does not provide any detail). (Buchan, 2015)

To assign more space for national policy areas, a mechanism for evaluating and monitoring national policy developments at EU level will be necessary. This could be further strengthened when assessments "inter pares" among Member States should be part of the process. In this view it is useful to take "lessons" from other EU policy areas, e.g. Economic and Monetary Union "European Semester" (Papatulica, Pop, 2015).

4. Key challenges and barriers to the development of an EU common energy policy

The fulfillment of Energy Union project is hampered by a series of barriers/obstacles of legal, technical, economic and political nature (Dutton, 2015).

4.1 Legal barrier

The struggle for a "real European energy policy" has been going on for years, without real success. **One of the major obstacles** has been of legal nature: it is about the famous energy paragraph (article 194) in the **European Treaty**. (Lisbon Treaty, 2007) This stipulates that Union policy on energy "shall aim, in a spirit of solidarity between Member States, to ensure the functioning of the energy market, the security of energy supply in the Union, to promote energy efficiency and renewable energy, and the interconnection of energy networks", but at the same time preserve the right of each Member State "to determine the conditions for exploiting and choose the mix of its energy resources and supply". This last point has made it impossible so far to come to a truly European energy policy.

"This obstacle, beyond the importance of the objective of a common energy policy reveals, among other things, a limited conceptualization of the theme because of the inadequate approach at the current level of knowledge, especially with regard to technical aspects that must make functional an energy union . The pros and cons in this field contribute either to hide the difficulties of the road map for economic reasons, or are aiming at giving stronger motivations in the final decision over the community - national report in the energy policy. If we add the essential connotation of energy in the global economic model and its security dimension, then we should expect either to a very long journey, or to a paradigm shift. The second variant remained

without purpose until now, and energy security is still a constant national concern and attribution" (Papatulica, Pop, 2015).

4.2 Political barriers

1. The energy mix -very different across the member countries- is determined by political decisions that give the energy security policy guidance of each country. Political decisions are based primarily on geographic factors, the availability of energy resources in their territory (for instance, coal in Germany and Poland, hydro energy in Nordic countries and Austria, biomass in Sweden and Finland, nuclear energy in France), access to third parties deliveries, often "forced" by geographical and technological constraints, and determined by geopolitical and geostrategic issues (Papatulica, Pop, 2015).

2. Market integration is not politically agreed by all governments, especially in countries that have relatively cheap energy sources.

3. The external energy policy is the most vulnerable point of EU energy policy. European Commission has practically delayed an initial proposal to establish a common system for gas import, as some countries in EU regards it as anticompetitive.

4. Another factor is the position of political parties and environmental ecologist associations who are concerned about the emphasis put on fossil fuels, despite the rhetoric on "decarbonizing" the economy and promoting clean energy at EU and global level.(Papatulica, 2015)

4.3 Economic and technical barriers

1. Political barriers imply also economic connotations under the impact of lobbying actors from national markets, often transnational companies with greater financial potential. Protection of indigenous cheap energy, promotion of national "champions" (i.e. national companies), bilateral inter-governmental agreements to ensure the security of domestic supply and national particularities of the implementation of some of the policies on climate change are only some factors that will keep the fragmentation of the European energy market (Andoura, Vinois, 2015).

2. The lack of convergence of energy prices across the member countries is another important barrier to a common market for energy. Only a common price for energy would indicate the existence of a common energy market. Moreover there are no significant signs of convergence of prices, showing limited arbitrage opportunities between different markets due to lack of interconnections.

3. The technical complexity of the operation and management of energy networks had limited market development. This explains some trends inherent in the energy markets - mainly in the markets for electricity and gas - towards a regional fragmentation that has become increasingly inflexible under the influence of technology, different culture of transmission system operators, reliability of technical and economic interconnections, infrastructure development on large distances etc. Technically, there is not a single European grid and there are few interconnectors to bring power or gas from where it is generated to where it is needed.

4. The structure of energy supply (energy mix), national or the EU average, comes to reinforce the rigidity of approach towards a common energy policy, considerations of technical options and especially economics of conversion needs and interconnection being also serious obstacles in this transitional stage, presumably successful towards an Energy Union. At EU level, energy supply consists of 60% oil and gas, 20% coal, 14% nuclear and 6% hydro, and other renewable energies. Energy mix, however, varies substantially between EU countries. For example, 40% of France's energy is provided by nuclear power, while the gas is holding only 15% of primary energy consumption (Andoura, Vinois, 2015).

5. External energy policy- the vulnerable part of the Energy Union

We arrived now at the most vulnerable part of the Energy Union project, extremely important and also very controversial - the **common external energy policy**. The problem of "external energy policy" includes diversification of energy sources and security of transport routes and requires a better system response to the crisis determined by the unstable international market for fossil energy.

Energy policy is a central point of EU foreign policy. Energy is a supranational archetypal challenge for Europe, characterized by the power of international market forces, divergent interests and priorities between Member States, with sometimes contradictory and conflicting objectives of energy policy and physical infrastructure constraints. Energy is at the same time the source of many disputes that have hampered the EU attempts to build up strategic relations with its neighbors and strategic energy suppliers - notably Russia. Moreover, concern over Russia's actions in Ukraine was the catalyst of Energy Union project, which started with the aim to reduce dependence on Russia and undermine its pressures on Europe. Not only Russian

revisionism was a direct threat to many countries in Eastern and Central Europe, but also the effects of social and political instability in Syria, Iraq or Libya, which continues to be felt throughout Europe, through successive waves of refugees and immigrants, associated also with terrorist activities and political and social uncertainty. (Andoura, Vinois, 2015),

The Community energy security policy is still the source of frictions between Member States because some of them are unwilling to transfer the management of energy security to EU level and often prefer to engage themselves in independent energy agreements. Faced with these restrictions, the European Commission tried to promote the idea of a coherent position in relation to non-EU countries exporting energy to Europe. According to the Commission's view, such an approach would enhance the collective ability of Member States to address the risks of disruption of energy supplies from key suppliers. However, many times the energy diplomacy at EU level was fragmented and did not give satisfaction to all Member States.

The most controversial issue is linked to the very "key" this new project that of ensuring a common mechanism by which the Commission can establish control over gas import contracts from Gazprom, Russia. "Europe should confront Russia's monopolistic position with a single European body charged with buying its gas" (Sefcovic, 2015).

But EU Member Countries have not yet reached a consensus on the establishment of a unified import system for natural gas, because of important differences between the Western and the Eastern European countries, the last ones being disadvantaged in concluding fair gas import contracts with Russia. Eastern Europe countries still depends largely on Russian gas: some pay more, others less, but overall their negotiating position in relation to Russia is quite poor. In Western Europe, free market principles are much better represented, these countries enjoying greater flexibility in terms of gas purchases. The aim of the EU is to merge the interests of all Member States in a unique bargaining, which could provide more favorable contracts with Russia, set mainly by indexation to the spot prices in the international trading centers, not by indexation to the crude oil prices.

Such a solution carries some drawbacks, the states of Western Europe being concerned that a unified acquisition "policy" constitutes an infringement of European competition law. On the other hand, hubs in Eastern Europe don't have sufficient liquidity for new investments in reception and storage infrastructure.

The issues of Energy Union and energy security were recently addressed in the strategic review -carried out by the European External Action Service- of the "Global Strategy of the EU Common Foreign and Security" that the High Representative, Federica Mogherini presented at the European Council of June 2016. (Mogherini, 2016). In this document, the Energy Union is considered a key framework "to address energy fragmented markets by coordinating energy policies and new investment in critical infrastructure." The Action Plan proposes extended cooperation in the field of energy, particularly in the gas field, with Central Asia, Ukraine and other European countries from EU neighborhood, as well as with countries exporting liquefied natural gas (LNG) to EU.

It also takes into consideration new ways to ensure coherence between EU energy policy and the objectives of climate and trade policy, namely promoting business opportunities for energy-efficient low-carbon technologies. In addition, the Action Plan sets a target to improve global energy architecture and multilateral initiatives, including the G7, G20 and the International Energy Agency (IEA) objectives of sustainable development. The Foreign Affairs Council of the EU called for specific proposals for EU common messages on energy diplomacy. This would involve enhanced coordination with the European Investment Bank (EIB) and European Bank for Reconstruction and Development (EBRD) on financing energy infrastructure in the Member States and European countries from the neighborhood, as well as through other funds at EU level.

Maroš Šefčovič, Commission Vice-President, responsible for Energy Union admitted that a system of collective acquisition of gas should be voluntary. (Sefcovic, 2015) Instead, a lot of governments in the EU encourage the development of new gas routes (including North routes, such as North Stream 2 and Southern routes through the Mediterranean Sea). They are intended to facilitate the flows of Russian gas bypassing transit countries such as Ukraine and finally to establish new connections between producing countries of Central Asia and Europe. Although new pipeline routes could reduce exposure to risks from EU transit countries, they would not immediately change European dependence on Russia. On the contrary they will increase it. (Gotev, 2016)

They could eventually connect Europe to new supply countries like Iran or Algeria (Italy plans a new pipeline to bring natural gas from Algeria to Sardinia), but this will take time.

There is also a risk that diversification strategies will create additional challenges in energy security, given the risk of significant political instability in the new supplier countries. For example, in 2015 there were

more attacks on gas pipelines in Turkey. In Algeria, the decrease in reserves, increasing domestic consumption of gas and demonstrations against hydraulic fracturing could discourage future investment. Tunisia has some investment in clean energy from the EU. However, with increasing terrorist activity in the country, the EU is now focusing on instability in Tunisia rather than on the country's potential as an energy supplier.

Changes in the global oil market could mean that Saudi Arabia no longer plays the role of swing producer for balancing the supply-demand ratio as in previous years. This pushes the oil to a more conventional cycle, similar to that of a usual merchandise, implying greater volatility. The crude oil price fall in more than 2 years was very important, prompting oil companies to reduce investment plans and seek opportunities for consolidation (e.g. the merger between Royal Dutch Shell and BG Group).

An issue that also affects the oil market outlook is that oil shale production in the United States can be adjusted relatively quickly in response to changes in demand due to investment-production cycle much shorter than that for conventional crude oil.

On medium and long term, new technologies such as electric vehicles could lead to a structural change in energy demand by reducing hydrocarbons share. This could have major implications for oil producers.

There is also a risk that the focus on increasing the security of gas supply would marginalize other options for managing energy security. It should be noted that within the EU there are limits of politically and physically available capital and current policy that emphasizes on "gas as a fuel of first choice" - especially in terms of support from funding sources at EU level - make legitimate concern that this could undermine alternative opportunities. It is therefore important that the debate on the future of Energy Union considers all energy options. Policymakers will need to prioritize each option based on its contribution to the objectives of security, competitiveness and climate. (Simón, 2016).

Increasing US energy independence could reshape its foreign policy in the Middle East. The new US president will have to confront a region where US interests are changing. This could lead to changes in relationships with its key allies such as Saudi Arabia, a perspective that would be complicated even further by Iran's return on the world oil market.

So far, EU has largely been willing to let to the US to assume the responsibility for the security of crude oil supply in the Middle East and beyond, a reason why it didn't developed its own distinct strategy. But given the fact that US foreign policy may change, it will become increasingly a priority for the EU to consider developing its own strategy for oil security.

6. Conditions for achieving the main goals of Energy Union

Union Energy will provide a viable European project, with two conditions (Sefcovic, 2016):

- a) To be tangible (speeches and statements not followed by any further action will not be sufficient to address the concerns of citizens and achieving a common political project in energy);
- b) To be inclusive and interactive (the energy transition will only be successful if it is based on all stakeholders working together. In addition to the players already well established in the European system, citizens and consumers, cities and rural areas, networks, regions, innovators, multipliers, new coalitions and civil society as a whole must be involved in the future European governance of the Energy Union in a modern and intelligent manner).

In order to achieve the Energy Union, the European energy policy and legislation must be reviewed and completed within a relatively short time. Formulating a common EU energy policy is a pressing challenge in terms of perceiving it as a threat to national sovereignty. Indeed, the formulation is considered by EU Member States as a loss of national competence in favor of supranational level. Therefore, and for the time being the energy integration seems to remain rather an intergovernmental matter in the absence of a collective EU position on a common external energy policy that would transcend national interests.

European energy policy review is a unique opportunity to build a new European energy regulatory space, stronger and more coherent, governed by common institutions capable of providing effective solutions based on democratic legitimacy. The next European institutional cycle should enable the adoption and implementation of binding instruments to reflect new realities and needs of EU energy policy. In this respect, one man will be decisive in how the Energy Union will be developed in the coming months. That's not Maros Šefcovič, but Frans Timmermans, the First Vice-President of the new Commission, in charge of "better regulation". *"His attitude will decide whether the Energy Union will have any substance to it or not."*

Šefcovic, despite the challenges his Energy Union plans face, is confident about the progress being made: *"A the end of this year we will have all the legislative pieces of the puzzle on the table."* According to Sefcovic, the key themes of the package *"will include an increased stimulus for energy efficiency, review of*

legislation to achieve a fully integrated energy market, revision of renewable energy directive to increase the share of renewable energy consumed to at least 27 per cent by 2030, review of governance structures, facilitating the harmonisation and a comprehensive strategy for research, innovation and competitiveness."(Sefcovic, 2016).

In January 2014, the Commission first proposed the need for a new energy governance framework, as part of a compromise between Member States on the binding nature of the 2030 renewable energy target. Despite nearly two years of discussion some the key questions remain unanswered related to the structure of governance and who is involved in it: a) Member States and European institutions to operate on a terrain defined by hierarchy, in variable dynamics akin to flexible integration, or as stakeholders, upon a level-playing field?; b) who are the key actors (key DGs, Council and Parliamentary Committees, Member States, private sector players, and regulatory actors); c) what is the precise methodology of energy governance?

7. What's new in the Energy Union after almost two years of existence?

The positive issue is that there seems to be a stronger "political will" behind the project.

"The energy union has great potential – it could be a grand Marshall Plan for the EU," declared Sandrine Dixon-Declève, director of the Prince of Wales's Corporate Leaders Group, which brings together businesses urging action on climate change. "It could unlock investment across Europe, and could bring lower emissions and greater efficiency."(Andoura,Vinois 2015)

Practically, Energy Union prospects are promising potential beneficiaries (Beckman, 2015), such as:

- Creating an efficient EU in terms of energy. The link between economic growth and increasing energy consumption must be stopped;

- Ensuring the free movement of energy. Creating a more integrated single market, interconnected and competitive, which can be achieved through the full implementation of existing and reviewed EU legislation and developing a plan to allow energy to flow freely from one country to another;

- Increasing security and affordability of energy supply to households and business sector. Many users are unaware of the opportunities that can be provided by a liberalized energy market, based on the benefits brought by competition;

- Strengthening Europe's leadership in energy technology and innovation. Without a major technological shift, the EU will fail to fulfill the great ambitions set for 2050, to renounce to the use of fossil fuels for electricity and transport. Strategic Energy Technology Plan and the six European Industrial Initiatives (wind, solar, bio-energy, smart grids, nuclear fission and carbon dioxide capture and storage) are aiming at boosting the necessary innovation.

- Ensuring stronger international partnerships. Many of the challenges facing the EU - climate change, access to oil and gas, technology development, energy efficiency - are common to other countries. Working together with a strong EU contribution will make easier finding the correct answers.

In fact, it was considered that the political instability surrounding the EU - given that most of the EU's energy imports come from this area- is the determining factor which led to the Energy Union project. This involves a risk of excessive securitization of the project and the objectives of environment and climate could be marginalized in favor of prioritizing the exploitation of fossil fuels. Limited funds and lack of ambition of the EU targets on renewable energy and energy efficiency also raises other obstacles. Moreover, the lack of coordination between national energy mix and energy policies could hinder the integration of national energy markets.

8. Conclusions

1. There will be no single answer to the challenges and objectives of competitiveness, sustainability, security of supply and energy efficiency in the EU. In this context, the future engines of Energy Union for the energy transition towards a "cleaner" economy should be: sustainable economic development; solidarity and inclusion; a strategic, global and adaptive capacity.

2. In the current year the Commission will come forward with most of its legislative proposals, which then will be submitted to the European Parliament and national countries. It will take about two years for legislators and government officials to decide on the final shape of the laws. It will be a review of the laws overseeing the security of electricity and gas supplies, the strategy for liquefied natural gas, legislative proposals for a new electricity market design, a revised renewable energy directive for 2030, a review of the energy efficiency directive and a new energy governance.

3. The different degrees of import dependency and the diversity of imports origin, not without political overtones, far from being harmonized, make difficult identifying common interests among EU countries for their external energy policies that could be brought into "one common basket".

4. To overcome the accumulated energy security dilemma of choosing between the consumer interests and supplier interests, Member States must adopt a unified philosophy, a collective approach of the external energy policy -that is to treat suspending or interrupting the energy supply of a State as a matter of collective solidarity. It requires therefore a collective energy security agreement. A new European security strategy of energy supply will be most effective if it is based on a solid relationship not only between Member States but also between EU and third countries involved, with the best geostrategic positions.

5. EU and its Member States have decided to support measures for a more coherent energy foreign policy, taking into account geopolitical developments. In July 2015, the EU Council adopted conclusions on energy diplomacy and an action plan in the field. They indicate the need to strengthen bilateral and multilateral dialogues and to increase the use of external policy instruments to diversify and promote energy markets based on transparent and sustainable rules.

6. The Commission took act of the plans of companies to build new pipelines connecting Russia and Germany via the Baltic Sea. If these plans will be implemented, pipelines North Stream 3 and 4 would not provide access to a new source of supply, on the contrary will enhance the dependency on Russia. These pipes will fully comply with EU legislation and EU Energy Security Strategy (COM (2014)330);

7. In his paper "European Strategy in the context of geopolitical interdependences", Luis Simón (Simón, 2016), Director of the Brussels' Office of Institute Royal Elcano believes that EU should be careful to avoid giving priority to neighboring states at the expense of others, offering two underlying reasons for this. The first is geographical contiguity with the rest of Europe and the great Eurasian bloc. The second relates to the fact that economic globalization and advances in military technology have led to greater geopolitical and strategic interconnectivity worldwide. This suggests that Asian powers may have a significant impact on the geostrategic balance in the Persian Gulf and, by extension, to areas in the immediate European neighborhood, such as the Levant and even Eastern Mediterranean Sea area;

8. Geopolitical challenges will not disappear after 2016 and will require implementation of an effective EU "energy diplomacy" and a better communication with third countries. It will be particularly important to strengthen regional cooperation between Member States to prevent and mitigate the shocks of supply and to ensure solidarity in case of emergencies. Reactivation, in 2015, of "East-West conflict" became evident. (Tomlinson, Raines, 2016). The project "South Stream" was canceled due to EU pressure on states that have signed bilateral agreements with Russia in violation of European law. The project of an hypothetical corridor called "Eastern Ring", international blackmail on loans to Greece and reactivation of other EU-US projects of the '90s (TAP/TANAP) seem to dissuade Gazprom and the Russian government to start new major projects.

9. For European Commission, increasing transparency and ensuring that intergovernmental energy agreements are in accordance to relevant EU legislation and policies represent essential objectives in drawing a new proposal for revising the existing Decisions on intergovernmental agreements.

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