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European external energy policy: governance, diplomacy and sustainability

Anna Herranz-Surrallés

Introduction

The EU’s high dependence on external supplies of hydrocarbons is a well-known fact. The EU is the world’s biggest importer of primary energy and its portfolio of suppliers is relatively undiversified – Russia is the origin of more than one third of its oil and gas imports. This high-energy dependence and low diversification has long been seen as a thorn in the flesh of the EU’s foreign policy. Indeed, the very first steps of European Political Cooperation (EPC) in the 1970s were marked by internal division and unilateral responses of the nine member states of the European Communities (EEC) to the 1973–4 oil embargo (Turner, 1975). More recently, the EU’s lack of preparedness during the 2006 and 2009 gas crises, its internal divisions over rival pipeline projects, or the dense web of bilateral energy agreements between Member States and foreign producers are all seen as an expression of intra-EU disaccord and the evident success of the divide-and-rule strategies employed by the Union’s primary suppliers (McGowan, 2008; Grätz, 2011).

This negative correlation between energy and foreign policy is increasingly only one part of the story, however. In recent years, the EU’s involvement in external energy matters has experienced an unprecedented boost, to the point that some would affirm that ‘the long-standing jibe that the EU has no common external energy policy is no longer entirely fair’ (Youngs, 2013: 432). Scholarly research has only recently started to keep pace with this fast-moving target. This chapter attempts to organize the growing but highly heterogeneous body of literature with a double purpose. On the one hand, it explores the interrelation between current research on EU energy policy and the theoretical and normative debates around the EU as a foreign-policy actor. On the other hand, it also hints at the need to complement the existing focus on the internal–external nexus of the EU energy policy (mainly from a European integration perspective) with more outside-in approaches from disciplines such as International Relations, International Political Economy or Comparative Politics.

The chapter begins with a conceptual clarification regarding the very notion of ‘EU external energy policy’, proposing to distinguish between three main dimensions: energy governance, energy diplomacy and energy sustainability. The second section reviews the (still scanty) number of studies that have sought to explain the recent emergence of an EU external energy policy. The third and longest section of the chapter delves into existing research on each of the three main domains identified as part of the policy field of EU external energy relations by relating them to broader debates on the EU as an international actor (EU as a market power, a traditional power or a normative power). The chapter ends with a concluding section that summarizes the discussion and points to some gaps and avenues for further research.

Conceptualizing the policy field

The role of energy in foreign-policy affairs is generally linked to the aim of energy security. To use an energy pun, however, energy security is an oily affair, especially in the context of the EU, where energy policy in general and security of supply in particular, have been amongst the areas most resistant to European integration (Buchan, 2009: 79ff). The Treaty of Lisbon included for the first time a separate article on energy policy, naming security of supply as one of its objectives, together with competitiveness and environmental sustainability. However, the scope and share of responsibilities between the EU and the Member States in matters of security of supply, particularly its external dimension, are by no means settled (Haghighi, 2008; Van Vooren, 2012).

Another difficulty in delimiting the policy field is the multifaceted character of energy security. Often plainly defined as ‘sustainable and reliable supply at reasonable prices’ (Bahgat, 2006: 965), energy security allows for multiple definitions depending on the categorization of the risks and objectives related to security of supply (Sovacool, 2011), different security logics (Ciută, 2010), or sectors and referent objects of security (Natorski and Herranz-Surrallés, 2008). Moreover, defining energy security and setting the limits of the EU’s external energy policy is unavoidably a value-laden exercise for practitioners and scholars alike. The identification of the risks to energy security and the mechanisms to tackle them implies, for example, making assumptions on whether energy is (or should be) treated mainly as a normal commodity or as a strategic resource, as a social service or as a cause of environmental degradation, to name just a few. In view of this conceptual tangle, this chapter proposes to define EU external energy policy as encompassing at least the following three dimensions.

First, a big portion of the EU’s activity in foreign energy matters is related to the *external dimension of the EU internal energy market*. This includes the EU’s activity aimed at the creation of a common energy regulatory space with third countries. The

idea of energy security underpinning this aim is that a liberalized and de-monopolized energy sector is the best guarantee for efficient and reliable supplies of energy. Energy dependency on imports per se should therefore not be seen as a source of vulnerability, as long as producing, transit and consuming countries share a transparent and efficient market regulatory regime. This approach to managing interdependencies through market rules is generally considered the key aspect of global *energy governance* (Goldthau and Witte, 2009).

A second dimension of EU activity is what is most specifically referred to as *energy security* or *foreign energy policy*. Rather than relying mainly on markets for security of supply, those terms connote a higher degree of political intervention. Although energy security has been typically a matter of Member States' responsibility, EU institutions are playing a growing role in this field. The Union, for example, has developed instruments (both financial and political) to support energy diversification projects and pursued the development of collective crisis response and solidarity mechanisms in the face of supply disruptions. More than 'energy governance', this dimension of energy security is connected to the notion of *energy diplomacy*, or the use of foreign-policy means to gain access to energy resources and establish cooperation in the energy domain (Goldthau, 2010: 22).

Last but not least, a third broad domain to consider when discussing EU external energy policy is the *intersection between energy policy and other foreign-policy aims*. A commonly held assumption by students and commentators of EU foreign policy is that energy dependency is impairing the EU's autonomy as a foreign-policy actor and, in particular, its ability to uphold its 'normative' objectives. However, taking broader definitions of energy security, which consider environmental and social sustainability as crucial components, the EU's emerging external energy policy is also under pressure to reconcile or achieve synergies between energy and broader foreign-policy aims, such as fighting climate change, promoting democracy and development. This would require instruments for global *energy sustainability*, a notion resting on the normative premise of the existence of a 'Spaceship Earth' or a single and integrated ecosystem as a global common (Lesage et al., 2010: 4).

Although these three strands of the EU's activity within external energy relations are obviously interrelated, the existing literature can, generally, be divided according to its focus on one of the three dimensions. The third section of this chapter will review the scholarly *acquis* along these three dimensions. First, we will address the question of how the literature has sought to explain the EU's growing activism in external energy matters.

Theorizing the emergence of the EU's External Energy Policy

Accounting for an emerging policy area is never an easy task. There is no agreement at the moment in the literature on the significance of the changes observed in the field of EU external energy relations, and hence also no consensus on its future prospects. Predictions range from considering that energy security is to remain a 'low-Europeanization policy space' (Escribano et al., 2011: 213) to envisaging that 'a common energy security policy appears feasible over the next five to ten years' (Kirchner and Berk, 2010: 877). Less controversial is the claim that changes in the EU's external energy relations have implied a more active role of the European Commission. This is evident, on the one hand, in the Commission's promotion of internal energy market rules abroad (Prange-Gstöhl, 2009), as well as a stronger enforcement of competition rules on third countries' energy companies operating in the EU (Riley, 2012). On the other hand, there are also some signs of willingness, or at least connivance, on the part of Member States to coordinate and even to delegate some of their security of supply functions to the EU (Youngs, 2011; Herranz-Surrallés, 2014). Theory-oriented accounts of these developments are still sparse, but they are on the rise and combining elements from different approaches of European Integration, International Relations or International Political Economy.

A common assumption in the literature is to attribute the higher profile of the external aspects of EU energy policy to structural shifts in the global energy markets and geopolitical conditions (Correlijé and Van der Linde, 2006). As the argument goes, if during the 1980s and 1990s the global energy landscape was transformed by a wave of liberalization and privatization processes in key producer-countries due to abundant supplies and low energy prices, with the turn of the millennium, the tightening of global energy markets has swung the pendulum back in favour of producing countries. This has entailed a more cautious and politicized approach on the side of energy-dependent countries (Mañé-Estrada, 2006; Umbach, 2010). These *geo-economic perspectives*, however, normally leave the mechanisms linking external changes and the EU's internal response unaddressed. For example, many parallels can be drawn between the global conditions affecting energy markets in the 1970s and late 2000s, and yet, the response by the Member States and European authorities has been markedly different in each case (McGowan, 2011).

The emergence of an EU external energy policy has also been a tough case for studies focusing on the role of Member States because these have tended to place more emphasis on the hurdles to cooperation than the triggers to more common action in this field. Following *intergovernmentalist premises*, the role of Member States can certainly explain the slow development and limits of a common external energy policy. This is mainly attributed to divergent energy interests among Member States, which are, in turn, the result of relatively unchangeable factors such as size,

geography, energy mix, degrees of energy dependence, vulnerability or culture, and long-established political relations with foreign suppliers (for example, Geden et al., 2006; Baumann and Simmerl, 2011; Schmidt-Felzmann, 2011). Despite the fact that these studies concede that external conditions may provide incentives for coordination, energy security is still seen as prone to ‘policy substitution’, that is that Member States will continue opting for unilateral policies whenever the supranational approach does not meet their immediate interests (Escribano et al., 2011: 213).

Institutionalist and *legal approaches* have been more concerned with accounting for the growing role of EU institutions and the resulting constraints on Member States’ autonomy for pursuing go-it-alone external energy relations. For example, from a historical institutionalist perspective, Mayer (2008) attributes the growing role of the European Commission in external energy relations to the gradual expertise and ‘creeping competences’ acquired through its role in the Energy Charter Treaty (ECT) and the day-to-day management since the 1990s of assistance projects in the post-Soviet space, such as the Interstate Oil and Gas Transportation to Europe (INOGATE). Another germane line of inquiry is given by those studies offering a legal perspective on the *spillover* from internal to external policies. For example, Haghghi (2008) puts forward the hypothesis that the denser the internal secondary legislation on energy, the higher the chances that Member States’ autonomy and competences in energy security matters will be limited in favour of the Commission due to case law on implied competences (see also Ahner, 2012). However, if studies focusing on the internal–external continuum of the EU’s energy policy account for the EU’s growing tendency to project the rules of the internal energy market externally, they have more difficulty explaining the EU’s overtures in energy diplomacy, that is instruments that depart from market logic and hence from the externalization hypothesis.

Constructivist approaches have attempted to problematize energy security while emphasizing the link between internal and external dynamics. For example, ‘thin’ constructivist perspectives have brought in the study of perceptions of EU Member States and institutions on main suppliers, particularly Russia, arguing that the recent willingness to join forces in a more common approach to energy is driven by a growing perception of Russia as an unreliable supplier (Casier, 2011; Feklyunina, 2008). Other authors point to the crucial role of the Commission in the ‘gradual social construction of energy dependency as a problem’ (Maltby, 2013: 441). The fast ascendancy of energy security in the EU’s agenda has also merited an exploration from securitization approaches, which have mapped the transformation of energy security from a national to a collective endeavour, even in the absence of full securitization dynamics (Natorski and Herranz-Surrallés, 2008; McGowan, 2011; Youngs, 2009: 41–4). Inspired by the Copenhagen School of Security Studies, Kirchner and Berk (2010) use the Regional Security Complex Theory to argue that a conjunction of external systemic pressures and internal developments have been

generating a growing sense of security interdependence within the European regional complex, thereby limiting the space for individual action of the Member States.

In sum, current theorizing of the emergence of the EU's external energy policy reflects a wide range of theoretical perspectives. However, due to the recent mutable, and incomplete character of the developments in this policy domain, there is still some lack of debate between the approaches and a relatively slow accumulation of empirical findings. Another hurdle for cross-comparison is actually the variety of definitions of the dependent variable because the policy or institutional innovations to be explained also depend on whether we are looking at the area of *energy governance*, *energy diplomacy* or *energy sustainability*. The following section turns to these notions by reviewing existing research about the EU's activity and relative degree of accomplishment in each of these dimensions. Assessing the EU's performance in energy governance, energy diplomacy and energy sustainability also allows us to link the specific field of energy to broader debates on the quality of the EU as an international actor, namely the EU as a *market power*, a *traditional power* or a *normative power*.

Assessing the EU's power as an actor in world energy affairs

Market power Europe? (Mis)fortunes of the EU's external energy governance

The realization of the EU's growing ability to influence global public policy through the sheer size and regulatory sophistication of its single market has led scholars to define the EU's international role in terms of *market power Europe* (Damro, 2012). This certainly applies to the energy field, where the EU has long attempted to shape the energy regulatory space beyond its territorial confines, for example, through the ECT in the early 1990s (Wälde, 1996). With the progressive build-up of the internal energy market, particularly since the approval in 2003 of the second directives of the electricity and gas markets, the EU unambiguously formulated the aim of extending its market rules to candidate and neighbouring countries, through the European Energy Community Treaty (EnC) and a number of bilateral and regional initiatives (Prange-Gstöhl, 2009). Last but not least, the EU has also attempted to use the rules of the internal market to break foreign vertically integrated companies operating in the business of energy distribution in the EU and, at the same time, incentivize a higher degree of access to investment in energy exploration and production in producer-countries (Grätz, 2011: 75ff).

These EU attempts of creating a Pan-European energy space have received growing attention in the literature, mainly interpreted as a narrow form of global

energy governance, specifically *EU external governance*, which refers to the mechanisms of extension of the Union's *acquis communautaire* beyond the circle of Member States (Lavenex, 2004: 681). A common conclusion in the literature is, however, that the EU falls short of being a successful market power. Explanations for this lack of sway of the EU's market and regulatory strengths among third countries differ greatly and can be placed on a continuum from approaches that place the emphasis on the antagonistic policies sustained by third countries, to approaches that point to the weaknesses of the EU's external governance agenda in the first place.

At the first end of the continuum, we could place those studies emphasizing the clash of worldviews between the EU and producer-countries – in particular, Russia. In this regard, Russia's centralized political power and non-liberal market is seen as 'doubly anathema to the democratic, liberalized EU market structure' (Hadfield and Amkhan-Bayno, 2012: 4). Russia's assertiveness in energy matters is attributed to the 'realist' character of its foreign policy (Kropatcheva, 2011: 558), in the sense that it uses energy as a political lever and more generally as an instrument for recovering Russia's old great power status (Hadfield, 2008). From this perspective, some argue that the EU should, *ad intram*, 'apply competition policy in a proper way' vis-à-vis foreign monopolies operating in the EU (Grätz, 2011: 79) and, *ad extram*, continue pressing for 'toughened market-based requirements on energy and trade-related energy issues' (Andoura, 2012: 249).

Towards the middle of the continuum, we find the literature concerned with explaining the variation in intensity of cooperation between the EU and neighbouring states. From a rationalist point of view, third countries' varying willingness to integrate with the EU's energy market is generally ascribed to the different functional needs and 'calculation of the anticipated benefits', which differ widely across energy consumer, transit and producer countries (Padgett, 2011: 1083); and also across 'energy corridors' for different energy sources (Escribano, 2012). The focus of this strand of literature is placed on discussing what constitutes appropriate incentives for non-member countries to adopt the EU's internal energy market rules. Some studies argue that the EU's assistance and future prospect of investments in modernizing energy infrastructure, and hence higher security of supply, are key drivers motivating candidate and some other neighbouring countries to join the EnC (Prange-Gstühl, 2009: 5302). By contrast, other studies reveal that, even for candidate countries, adoption of EU energy rules has been mostly selective and driven by domestic sector-specific needs rather than external incentives (Carafa, 2012). Also with regard to the southern Mediterranean countries, Escribano (2012: 96) concludes that due to the different energy sector models and geo-economic factors affecting the countries of the region, 'the vision of a fully-integrated Pan-Euro-Mediterranean energy market at the EU's energy *acquis*' own image and likeness is not a realistic one'.

From a sociological perspective, another factor used for explaining the effectiveness of the EU's external governance is the perception of legitimacy or

appropriateness of the EU's demands in the eyes of non-member countries. A key factor identified as undermining the authority of the EU's liberal energy model abroad is the patchy and controversial implementation of the internal energy market rules within the EU itself (Belyi, 2012; Carafa, 2012; Kuzemko, 2014). The persistence of different energy models within the EU has also left ample room for criticism of double standards, as countries such as Russia or Algeria have been adamant on arguing that the EU requires third countries to comply with rules that have only been incompletely and reluctantly applied by the Member States (Belyi, 2008).

Moving towards the other end of the continuum, we find a growing body of literature that moves away from the study of the EU's external governance or rule transfer to offer a more comprehensive analysis of the considerations conforming producer-countries' preferences in their relations with the EU. This literature also takes a more critical view on the EU's objective of creating a pan-European regulatory space in its own image. For example, Romanova (2012: 26) argues that the EU's aim of 'legal approximation' in the energy field with countries like Russia is, in reality, a euphemism for rigid and unilateral harmonization with the EU's rules. Other authors emphasize producer-countries' uneasiness with the EU's lack of information and consultation during the process of approving the Third Energy Package, which had important consequences for them, and also their view that the EU is using market rhetoric to impose barriers to investment from third countries (Darbouche, 2011: 200–2). The EU's quest for the liberalization of neighbouring countries' energy sectors and their inclusion into the European energy markets has also been interpreted in a neo-colonialist light because 'EU companies and investors would be the principal beneficiaries of such a market opening, much to the detriment of energy companies in neighbouring states' (Bosse, 2011: 517).

To sum up, there is widespread agreement that the EU is trying to use its market power, such as the promise of higher energy investment and trade opportunities, to incentivize regulatory reforms in non-EU countries, yet accounts of the relative success of the EU vary, reflecting a disparity of normative views. Although some experts assess positively the EU's efforts to promote the liberalization of energy markets abroad through the ECT, the EnC and the completion of ambitious internal energy market and reciprocity rules (e.g. Baumann, 2010; Andoura, 2012; Hadfield and Amkhan-Bayno, 2012), others question the viability of this approach, hinting at the need for less EU-centred and regulatory-oriented mechanisms of energy cooperation with third countries (Romanova, 2012; see also Darbouche, 2011; Belyi, 2012).

Traditional power Europe? The EU's overtures in energy diplomacy

Energy diplomacy is often used as a negatively laden concept associated with a dangerous politicization of energy, the competition for scarce energy resources, or the

‘petropolitics’ of those producing countries that attempt to turn their resource wealth into regional clout (Goldthau, 2010). However, even in market-oriented societies, providing energy security is part of the strategic function of the state, especially when markets fail to deliver this public good (Van der Linde, 2007: 276). Energy diplomacy has therefore remained a key function for most states, including those within the EU where Member State governments often engage in various forms of political flanking of energy deals, typically through bilateral energy agreements with third countries. The extent to which the EU is starting to perform functions of energy diplomacy or energy security normally reserved to state actors is still debated in the literature (see later).

The first signs of a change in the direction of an EU-level foreign energy policy are generally identified as beginning in 2006, when the Commission, the High Representative and some Member States argued for the need to embed energy matters in the EU’s foreign policy (Youngs, 2009: 23ff). More recent examples of embryonic energy diplomacy include the EU’s direct political and financial involvement in promoting external energy infrastructure projects to diversify gas supply routes (Youngs, 2011; Herranz-Surrallés, 2014). This is vividly illustrated by EU support for the so-called Southern Corridor concept and its flagship project, the Nabucco, which is a pipeline that would take gas from the Caspian region directly to Europe. In 2011, the Commission also received the first-ever mandate to negotiate an international pipeline, the sensitive Trans-Caspian gas pipeline. Initial first steps were also undertaken to set up an information exchange mechanism on Intergovernmental Agreements (IGA) on energy between Member States and third countries, which could eventually mean the involvement of the Commission in agreements that have long been a strict national responsibility (Buchan, 2011; Ahner, 2012).

The EU’s activity in newly emerging energy provinces such as the Arctic region or Africa is more diffuse and under-researched. Africa has gathered particular attention for China’s emerging political and economic profile in this continent, seen as strongly driven by growing Chinese energy needs (Hakenesch, 2009). However, despite the EU’s strong rhetoric on China’s African engagement, EU authorities have themselves generally exhibited little direct strategic interest in sub-Saharan Africa in terms of security of supply (Lirong, 2011: 15). Support for ambitious diversification projects from this region, such as the Trans-Saharan Gas Pipeline, has also been limited (Augé, 2010); however, energy security is seen more indirectly as a growing factor in the EU’s involvement in security-related operations in the African continent. The most obvious case is the EU’s Atalanta naval operation in the Gulf of Eden, where the frequent attacks on oil tankers in this crucial shipping route became one of the triggers for international action (Germond and Smith, 2011: 580–1).

New developments have also occurred in the internal dimension of energy security. The gas crises of the late 2000s, and particularly that in 2009, which left several Member States without supplies for more than two weeks, were a major test for the

EU's crisis management in the energy domain. Scholarly analyses revealed the lack of preparedness of the EU for addressing gas supply disruptions (Westphal, 2009; de Jong et al., 2010). However, they have also noted that, for the first time, EU institutions were closely involved in the management and solution to an energy supply crisis (McGowan, 2011: 499). The inclusion of the principle of 'energy solidarity' in the Treaty of Lisbon, echoing an idea of mutual assistance in the face of supply disruptions (McGowan, 2011: 500; Roth, 2011), or the various coordination mechanisms to share information such as the Gas Coordination Group or the Early Warning System, are all examples of the EU's growing involvement in the area of security of supply (de Jong et al., 2010).

Despite all those developments, however, a big portion of existing studies also puts the focus on several factors or tensions that impair the EU's ability to effectively perform energy security functions. These can be grouped on the classical vertical and horizontal dimensions of coherence. On the vertical dimension (that is, between EU institutions and Member States), studies emphasize Member States' resistance to relinquish their bilateral energy diplomacy as a major obstacle for the success of the EU's security of supply policy. For example, despite the ever more assertive language and political action of the Commission in defence of the Nabucco pipeline as an EU priority, this matter has continued dividing Member States. Several EU governments have even actively supported the rival South Stream pipeline project favoured by Russia (Lussac, 2010; Grätz, 2011: 72; Schmidt-Felzmann, 2011; Youngs, 2011).

The horizontal dimension of coherence (that is, between EU policies) is less studied but is becoming increasingly relevant. More specifically, the EU's ability to perform energy diplomacy functions is seen as being impaired by the tension between its market liberal approach to external energy relations, as described in the previous section, and a more strategic foreign-policy approach. In the view of some experts, the EU simply does not have the required features for performing foreign energy policy functions because it was designed as an economic project for removing barriers to trade and the free flow of production factors (Van der Linde, 2007: 281; Finon, 2011: 49). In the same line of argument, Van der Meulen (2009: 853) argues that the EU tends to overlook security of supply concerns by Member States and producer-countries because it 'suffers from an inherent embedded liberal bias that automatically puts policy formation in the gas sector within a neoclassical framework'. The tension is also present at the institutional level where the process of embedding energy into the EU's foreign-policy structures that began in 2006 (Youngs, 2009: 23ff) has de facto been rolled back with the changes following the institutional reorganization of the Lisbon Treaty. This has meant a concentration of the responsibilities for the external dimension of energy policy under Directorate-General Energy's remit (Herranz-Surrallés, 2014; Van Vooren, 2012).

In summary, although the competence for securing energy supplies rests with the Member States, current studies identify a growing material and normative pressure to

coordinate energy security instruments at EU level. It is still not clear, however, whether the EU's attempts to play the game of a traditional state actor internationally will eventually produce significant results, as in the case of strategic diversification. This is quite understandable due to the on-going and uncertain direction of the changes in deploying the provisions of the Lisbon Treaty and the share of responsibilities between the Member States and EU institutions, and between the Commission and the European External Action Service (EEAS). This domain is, therefore, not only conditioned by classical integration debates (i.e. intergovernmentalism versus supranationalism) but also by another underlying tension between the EU's tendency to replicate its own market structures abroad and the more strategic and flexible requirements of energy diplomacy.

Normative power Europe? Energy security and/versus environmental and human security

Due to its constituent principles of peace, democracy and human rights and sustainable development, the EU is commonly depicted as an actor that behaves, or at least attempts to behave, in a *normative* way in international politics (Manners, 2002). Energy is indeed closely interrelated with a wide range of normative aims, including promoting cleaner energy sources as an essential component for fighting climate change; combating the massive challenge of energy poverty in developing countries; and preventing resource wealth from becoming a factor fuelling conflict and poor democratic governance in many producer-countries around the globe. There are, therefore, many reasons for an actor claiming to pursue a principled foreign policy to closely embed energy policy in its strategy to tackle such global challenges. However, it is also common wisdom that energy security imperatives and business interests may constrain the EU's ability to act as this kind of normative power. A growing body of literature has therefore engaged in discerning whether rising concerns with energy security are indeed a virtuous or a vicious cycle in the EU's foreign policy.

The stronger case for a virtuous cycle has been found in the *energy–environment* nexus. Some studies have shown that the growing relevance of security of supply does not necessarily come at the expense of the environmental component of EU external energy policy (e.g. Herranz-Surrallés and Natorski, 2012). In addition, an important strand in the literature makes the case that cooperation in energy efficiency and renewables holds the promise of becoming the cornerstone of EU external energy policy. For example, Boute (2012) argues that a 'foreign energy efficiency policy' can be seen as a new external energy paradigm that uniquely reconciles security, economic and moral imperatives. It does so by securing availability of future resources, creating investment opportunities for EU companies having a competitive advantage in energy efficiency technologies and contributing to climate change mitigation. Moreover, building on the hard case of EU–Russia relations, some authors

argue that energy efficiency has been the most dynamic area of cooperation and one that has contributed to generate mutual understanding (Boute, 2012; Romanova, 2012). Studies on Euro–Mediterranean energy relations have also reached the same conclusion: that cooperation in developing renewable energies, for example the Mediterranean Solar Plan, may hold the formula for finally engaging Southern Mediterranean countries in win–win energy projects (Darbouche, 2011). However, the growing difficulties for the EU to keep an ambitious environmental policy internally in the context of the EU financial crisis is also starting to take a toll on the EU’s ability to promote energy sustainability goals externally (Youngs, 2013).

The synergies between *energy policy* and *good governance* are less clear. Youngs’ (2009) examination of this relationship across four regions (Russia, Middle East and North Africa, Caucasus and Central Asia, and Africa) found mixed results. His findings suggest that energy security concerns have generally not affected the EU’s democracy promotion policy vis-à-vis resource-rich countries. When looking at the foreign policies of individual Member States, Youngs points indeed to some examples where energy security interests seem to have driven their political support or even military assistance to producer-countries (for example, Germany in Uzbekistan, France in Algeria, or the UK in the Gulf) (Youngs, 2009: 43). However, there are also cases where very energy-dependent Member States are amongst the sharpest critics of their suppliers’ democratic flaws. The most obvious example here is that of some central and east European Member States vis-à-vis Russia (Youngs, 2009: 179). At the same time, even if there are no clear vicious circle dynamics between energy security and democracy promotion, there is also no virtuous circle to be found either. This is conspicuous in the EU’s underwhelming approach regarding the transparency of resource-extractive industries. The EU did not formally endorse the Extractive Industries Transparency Initiative (EITI) nor did it attempt to widen its scope (Youngs, 2009: 136). Despite the fact that large European energy companies have a track record of scandal in their dealings with autocratic regimes and associated complicity in human rights abuses (see, for example, Shaxson, 2007). It was only after the US adoption in 2010 of an ambitious piece of legislation requiring energy companies listed in the US to disclose payments to American or foreign governments (the Dodd–Frank Act), that the EU even started to consider mandatory regulations in this situation (Vlaskamp, 2013).

The nexus between *energy* and *development* appears to be even more intricate. On the one hand, Youngs (2009: 134) argues that the growing relevance of energy matters in EU–Africa relations is being addressed within and from the perspective of Directorate-General Development and not driven by narrow EU energy security concerns. On the other hand, some authors problematize other dimensions of the tension between energy policy and development. For example, Keating (2012) argues that the EU’s focus on exporting its liberal energy model runs counter to the objective of alleviating energy poverty because it implies a fundamental clash between

considering energy as a social service or as a marketable commodity. Even the EU's promotion of renewables is not free from in-built tensions. For example, some authors have pointed out that the Mediterranean Solar Plan may end up benefiting only the EU and its renewable energy industry if it fails to alleviate rural energy poverty and does not promote technological and human resources development in local populations (Escribano and San Martín, 2012). The consequences of the EU's biofuel targets on developing countries pose a similar kind of double-edged sword. This has been widely discussed in the policy community, but little addressed in academic literature (Widenhorn, 2013).

Overall, the intersection between energy and the EU's environmental and development policy is widely under-researched, particularly if we take into account the relevance of sustainable energy in the EU's policy discourse. The goals, instruments and trade-offs of a sustainable energy agenda feature prominently in studies of global governance (e.g. Lesage et al., 2010) but are surprisingly limited in the EU's external energy policy.

Conclusion

In one of the pioneering books exploring the topic of this chapter, Youngs (2009: 5) stated that energy 'has remained virtually absent from studies of EU foreign policy'. A couple of years later we find that a growing body of literature has started filling in this gap from a variety of empirical and theoretical approaches, as well as normative standpoints; however, many dimensions of the role of energy in EU foreign policy remain largely untapped. This brief concluding section reviews some of the key debates and identifies outstanding gaps facing the literature on EU external energy policy.

Starting with the internal dimension, there is still a need to continue exploring the institutional developments in the area of the EU's external energy policy, including detailed mappings of the policy innovations in the field and the actors involved in the definition of policy aims and implementation. For instance, the role of the EU's bureaucracies is particularly under-researched compared to other domains of EU foreign policy. Little is known, for example, on the role of comitology, the relevant Council Working Groups or the actual functioning of trans-national networks of officials such as the Gas Coordination Group or the short-lived experience of EU Network of Energy Security Correspondents. The role of expertise in EU institutions should also merit a closer look. In this regard the literature offers contradictory accounts, with some authors naming the Commission's higher expertise in energy matters compared to Member States as being a key variable explaining its growing competences in external energy policy (Mayer, 2008), whilst other authors attribute the predominance of Member States to the glaring lack of expertise of the

Commission (Haghighi, 2008). The role of private actors – either energy multinationals or civil society – in the development of the EU’s external energy policy is also widely unexplored. The few studies on the energy business sector have found significant variation in the extent to which European energy companies support or thwart the EU’s objectives in this domain (Youngs, 2009: Ch. 8; Stoddard, 2013). Another issue is the role of the European Parliament and, more generally, of parliamentary oversight in a policy area that is developing through ‘soft law’ mechanisms such as Memorandums of Understanding with third countries, thereby eluding parliamentary involvement (Van Vooren, 2012). Finally, the dynamics behind (and actual teeth of) the recent tougher application of competition rules against Gazprom and the Commission’s bolder stance against the Russian-sponsored South Stream pipeline project remain widely unaddressed.

In terms of goal achievement or impact of the EU’s external energy policy, existing research has been unbalanced towards the study of the external dimension of EU internal energy policy, and focused on an energy governance approach in the narrow sense, namely assessing the EU’s ability to ‘export’ its own energy market rules. Although this focus is understandable, due to the relevance of this objective in the EU’s external energy policy agenda, this inside-out approach would benefit from more outside-in perspectives following the trend explored in other dimensions of EU foreign policy dealing with multilateralism, global governance and external perceptions of the EU (see Chapter 47 by Chaban and Holland in this volume)^[1]. This outside-in approach could also include the study of how the EU reacts to policy failure or significantly more adverse structural conditions for its energy governance objectives. This could include, for example, the crisis of the ECT after the withdrawal from Russia in 2009 or the recent failure of the EU’s flagship diversification project, the Nabucco pipeline, after the consortium of the Shah Deniz II field in Azerbaijan decided to commit its gas to the Trans-Adriatic pipeline.

The EU’s role in energy affairs beyond market governance, whether in terms of energy diplomacy and energy sustainability, can also be categorized as under-researched. In terms of energy diplomacy, the literature has yet to examine the extent to which energy security is being inscribed into the EU’s foreign and security policy, as set out in the EU Security Strategy of 2008, and the practical and normative consequences of this move. Although there are abundant studies on the interplay between foreign and energy policy in the cases of the US or China, this topic is overlooked when it comes to the EU or its Member States. There is little systematic research on, for example, how energy is included in the EU’s sanctions policy, EU–NATO cooperation or in the EU and its Member States’ considerations when addressing energy-sensitive areas such as the Sahel, Sudan, Libya or Syria. Similarly, in terms of energy sustainability, more research is needed to assess the actual efforts and impact of the EU in tackling energy poverty and environmental degradation in developing countries. This includes the EU’s influence through international

institutions such as the World Bank or the International Monetary Fund, or the external environmental and human consequences of internal policies such as EU biofuel targets, or the impending debate on the use of unconventional resources such as oil sands and shale gas.

In terms of what energy tells us about the EU as a foreign-policy actor, the aggregate picture of the literature is that the EU's performance in external energy policy does not always match (self-imposed) expectations. The EU's success as a *market power* is limited, particularly when it comes to convincing producing countries to adopt its liberal market rules. As a *traditional power*, so far the EU has not achieved significant steps in its quest for strategic diversification, as shown by the recent failure of its most ambitious diversification project, the Nabucco pipeline. In terms of *normative power*, the EU has failed to devise an ambitious agenda for fighting energy poverty or corruption associated with energy revenues – even falling behind the normative entrepreneurship of the US in this domain. The slim success of the EU as a market power, a traditional power or a normative power suggests a need to look beyond the EU's external governance and the presumption of the EU's normative leadership to focus more on the factors that generate or inhibit cooperative energy dynamics across wide sets of actors, as well as to better identify the tensions and synergies between the goals of economic competitiveness, security of supply and environmental/human sustainability in the conduct of global energy relations.

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Notes

Promising research projects addressing specifically these aspects in the energy field include 'Challenges of European External Energy Governance with Emerging Powers: Meeting Tiger, Dragon, Lion and Jaguar' (<http://www.energygov.tu-darmstadt.de>) and 'External Images of the EU (EXIE): Images of the EU as Normative Energy Player' (<http://www.euperceptions.canterbury.ac.nz/exie>).

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