
Energy Security in Balkan and Main Actors in the Energetic Sector in the Region

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Abstract

Energy security is one of the main factors that determine the contemporary international relations. Energy is crucial for the development of any society; therefore it occupies an important place in the hierarchy of political and economic agendas of the various governments. Nowadays energy sources are exhausting and the global demand and energy consumption is extremely growing. Such a situation leads right to what is known as 'energy hunger', a problem which affects every country, regardless its position. This is affecting both those who consume energy as well as countries which export energy or even transit countries where this energy passes through. Balkan region cannot bail out to such a situation where its geostrategic position and role or influence of Russia in the energetic sector in this region is determinant of the current situation. These factors also shape their future. The purpose of this paper is to provide an analytical approach on energy security in the Balkan region, identifying and analysing the role of Russia on this regard. Despite the importance of energy security, in contemporary literature there lacks a definition accepted by all actors on this definition. For this reason, in the field of energy security approach there are selected two operational concepts, 'energy dependence' and 'diversification of energy sources' which help in analysing the energy situation in the Balkan region, always taking into account Russia's role in the energy in this region. Data on economic and energy indicators, which refer to 2011 - 2012, have as their primary source the World Bank and the International Energy Agency.

Key words: energy security, diversification of energy sources, energy dependence, Balkan, Russia.

Introduction

Energy security constitutes one of the key factors that define modern international relations. Energy is at the base of the development of each and every society; as such, it fills an important position in the hierarchy of various governments' political and economic agendas. As a natural consequence of development, the request for energy is in a continuous growth, which leads to what is widely known as "energy hunger", situation which we do encounter nowadays in the Balkan region. Such a situation requires an indispensable cooperation with outer actors of the energy sector. In this direction, Russia plays a key role.

Russia's relation with the Balkan countries is defined by the below issues: The issue of Kosovo (Serbia will continue to regard Russia as its main partner in its efforts of non-recognition); the growth of Russian Fleet's presence in the Mediterranean (this shows the Balkan's geo-strategic importance to Russia); Russia's goal to further grow its influence in the Balkan so as to counterbalance the orientation of these states toward NATO and EU; also for geo-energetic reasons, since the Balkan's geographic position is very favourable for the Russian strategy, supply Europe with energy (Smith, 2008).

The purpose of this paper is analysing the energy security situation in the Balkan, focusing on Russia's role in the matter. In view of this analysis raises the question: What's Russia's role in the creation of the energy security situation in the Balkan and how does the Balkan's geo-strategic position affect the issue? The answer of this question formulates the main hypothesis of this paper where; Russia is the main actor that has the decisive say on the energy situation in the Balkan and the geo-strategic position of the latter is the main element that defines Russia's interest for the region. The contribution of this paper is related to the importance of the analysed problematic. Considering that energy security is one of the key components of national, regional and global security, than it's a necessity to acknowledge the situation by identifying the main problematic and actors in this sector, also the analysis of various possible options with the intention to effectively manage the challenges of energy security.

Literature Review and Work Methodology

Despite that there exists a voluminous literature, and despite the many debates made on what is referred to as 'energy security', we still don't have a consensus for the definition of this term. In essence, "energy security means having access to the requisite volumes of energy at affordable prices. There is also an implicit assumption that access to the required energy should be impervious to disruptions—that alternative supplies should be readily available at affordable prices and sufficient with respect to both available volume and time required for distribution" (Ebinger, 2011, Paragraph I). The Energy International Agency refers to energy security as; "the uninterrupted availability of energy sources at an affordable price" (IEA, 2011). Besides 'normal threats' towards energy security, there are other threats like terrorism, geo-political rivalry and the political instability in the exporting countries which directly impact the guaranteeing of energy security (Yergin, 2006).

Thus, in order to withstand the various challenges that the energy security faces, it's a necessity to identify and analyse these threats in a rigorous and systematic manner. This is the only way to overcome the problematic that may arouse. The existing literature on the role and interests of Russia in the Balkan is synthesized in a fundamental common idea according to which "the energy factor is the main reason that explains Russia's growing interest in this region" (Smith 2008; Pascual & Elkind 2010; Cehulic 2013).

This paper uses a combined methodology between quantity and quality approach in the scientific research. Methodology is connected to two main instances, analysed in this paper; the first instance is focused in analysing the situation of energy security, whereas the second instance is focused on Russia's role in the energy security in this region. In the field of energy security approach we have two chosen operational concepts; *energy dependence* and *diversification of energy resources*. These concepts are used to analyse the energy security situation in the Balkan. Whereas in function of the Russian influence analysis, three main issues are identified: the investments level of Russian companies in the Balkan; the energy dependence of this region in importing gas, oil and electricity from Russia; also the Russia's discourse in its relation with Balkan countries. The main focuses in the analysis shown in this paper are the countries in the Balkan Peninsula and Russia. The main source of the economy and energy index data are the World Bank, the Energy International Agency and the International Monetary Fund.

Analysis of the findings

The Balkan Peninsula has a special importance regarding the energy security thanks to its geo-strategic position as a binding bridge of the various regions of the world. As a consequence, the advantages and disadvantages of these countries have direct implications beyond the geographic boundaries of this peninsula. This region has a problematic past (transition and ethnical conflicts) which has left a mark even in the economic development and energy infrastructure of these countries. Based on the World Bank's data, the Balkan Peninsula population is about 137 million inhabitants, with a total GDP of 1.1 trillion dollars and the GDP growing rate is evaluated to be -0.2%. Whereas the average GDP PPP/person is 11.938 dollars, which is way lower comparing with OECD countries. This numbers have a special significance since the energy sector is directly related to the economy.

As a consequence, the wealthier the country, the higher its energy request will be, but in the meantime, so will be its means to guarantee its accessibility in this resources, which is relatively higher comparing to the countries that have a low economic development index. Despite the differences between these countries, there is also some other common problematic, where the need to guarantee the energy security remains a key priority. The obsolete technology, the interdependence and the need to diversify the energy resource are real challenges in guaranteeing the energy supply in various economy sectors in these countries. Since the Balkan states are mainly developing countries, than in the long and medium run, guaranteeing the energy will be another of the problems that these countries will have to face. Their dependence on the energy importation from countries such as Russia will remain an issue with implications in the national and regional security.

Russia has always tried to have a say in the Balkan, but its interest in the region has grown exponentially during 2007-2008. The energy factor is seen as the main reason in the subject. Furthermore, the energy factor is seen as a determining element in today's Russia's position in the international arena. Its unique position in supplying Europe with gas, oil and electricity are "the main factors that serve in understanding how energy has transformed Russia and the nature of its role in the international arena" (Pascual & Elkind, 2010, p. 19). Within this framework, Russia plays a determining geo-political role in the Balkan. Being one of the main oil and gas producers in the world, Russia sees the Balkan region with a special eye, as a binding bridge for the energy transportation in the European market. In his speech in the Balkan Summit for the

Energy in Zagreb in June 2007, Putin stated that *“The subjects discussed at this summit are immensely important for today’s world. Energy supply issues have become a primordial part of international economic policy today. The strategic objective of our cooperation in this area is to ensure access to reliable energy supplies for all countries of the region. Our policies take into account the Balkan countries’ increasing involvement in the European integration process, and we are ready to develop our relations in cooperation with the European Union”* (Putin, 2007). This clearly shows Russia’s importance and role in the Balkan. The Russian Company Gazprom insures about 95% of energy supply in some of the Balkan countries. Moreover, several pipelines run through the Balkan territory and several more are to be constructed in the years to come.

Figure: Pipelines



Another Russian company, Lukoil, controls a considerable part of the oil sector in the Balkan. Within the Balkan countries, Albania is the sole country that has not stipulated any cooperation relation with gas and oil Russian investors. Putin also stated that *“based on these clear and straightforward positions we are ready to develop our cooperation with the Balkan countries in the energy sector. The oil and gas sector is one of the main areas of cooperation. Russian companies are already involved in a number of major projects in the region, in particular projects to increase transport capacity from the Black Sea to the Mediterranean. Russia, Greece and Bulgaria signed an intergovernmental agreement on building and operating the Burgas-Alexandropolis oil pipeline in March 2007 in Athens. This pipeline will be able to transport 35 million tons, and this capacity can be expanded to 50 million tons. I want to emphasize that this project will use the very latest technology and will conform fully to all the demands set by environmental protection organizations”* (Putin, 2007).

Russia’s influence in the Balkan is not only related to the energy supply and transport. In 2007, while revising the debts of former US with some former Yugoslavia’s countries, an agreement was made wherein Russia’s debt with this countries would be void in exchange of Russian investments in the energy sectors of these countries. Also, Moscow has signed various agreements with some Balkan countries such as Bulgaria, Greece, Serbia, Croatia and Montenegro, for Russian investments in various sectors of the economy.

Conclusions

Energy security is one of the main components of security. This is why it’s important for states to build their own energy profile with the intention to identify the political priorities that ought to be undertaken in order to guarantee the energy security. The main characteristics of the energy sectors in the Balkan countries are; the high dependence in import, the necessity to diversify the energy sources, the high dependence in fuel and fossil fuel, the obsolete infrastructure and also the very little investments in this direction. In order to manage these problems, the main priority in the Balkan countries ought to be the diversification of energy resources and the minimization of import dependency. It’s important to accentuate that the high dependency has direct implication in the economic, but also in the political sphere of these countries, where Russia’s influence is obvious. This influence is linked to three main momentous: the level of investments of Russian companies in the Balkan; the energy dependency of these countries in importing gas, oil and energy from Russia; and also Russia’s discourse in Russia’s relation with Balkan countries.

In order to minimize the energy dependence of Balkan countries from Russia, a dependence that takes an economic and political form, EU and NATO must regard as a key priority the new energy projects that are to be constructed in the territory of these states. On the other hand, it's necessary for the Balkan countries to know how to make the most from their geo-strategic position as part of the energy transport corridors. This can be achieved through a deepening of regional cooperation and their involvement in the integrated European energy market.

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