

BETWEEN COOPERATION AND COMPETITION: ASSESSING THE BALTIC STATES ENERGY SECURITY COMPLEX

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Overview

European Union (EU), being the second biggest energy resource consumer in the world, has been concerned about energy security too. During the last decade it implemented a number of both internal and external energy security policies to preserve and, eventually, increase energy security in the union. Its policies aimed at creating one internal energy market all the member states would be integrated to by 2014 and, second, making such energy market highly liberal and competitive. Yet it appeared that not all EU countries were ready to participate as there were three countries totally isolated from the EU energy system and, therefore, unable to create free and open energy market – these countries were the Baltic States.

This problem got on the agenda of the European Commission (EC). Hence, since 2009 the EC has undertaken a number of measures to integrate the Baltic countries, but this goal had many difficulties to be achieved as the Baltic States were in extremely severe situation: they wanted to be part of the EU Internal Energy Market, they agreed to follow the European energy legislation (namely The 3rd EU Energy Package) and diversify energy suppliers, but the states didn't have the necessary energy infrastructure to be integrated. The EC has therefore implemented a special energy policy to integrate the Baltic States - the Baltic Energy Market Interconnection Plan (BEMIP). The BEMIP was meant to focus on liberalization of markets, price transparency, energy efficiency and building the necessary interconnectors. Still, there were complications with BEMIP realization, based on the lack of the Baltic States regional cooperation.

This paper focuses on the Baltic States energy security and the reasons why there is the lack of cooperation in it. Therefore, it aims at analyzing the Baltic States energy security issues in complex to capture the motives for cooperation or competition between the states. Such an approach is suggested by B. Buzan Regional Security Theory (1991) and its latest development Regional Energy Security Theory, performed by P. Polonkorpi (2008). The qualitative analysis of several case studies (Lithuanian LNG terminal and NordBalt), testing what does the choice for cooperation or competition depend on, is conducted using the process-tracing method, where the ability to implement energy infrastructure projects serves as an independent variable and cooperation or competition serve as a dependent variable. It is assumed that if a state has ability to increase its energy security by implementing national energy infrastructure projects, it chooses not to cooperate, if it doesn't have ability to implement infrastructure projects alone, it chooses to cooperate. Hence, the paper extensively analyzes the existing public documents on the issues analyzed and includes comments provided by ten interviewees (politicians, infrastructure managers, regulators and tradesmen).

It is started with the theoretical description of the main concepts used in the analysis. Then status quo structure of the Baltic Region Energy Security Complex is provided moving further with the deep analysis of the BEMIP and two energy infrastructure projects implementation, dedicating a chapter for each. After that, the shift of energy interdependency relations within a region is analyzed by finishing the analytical part with comparison of two situations: the status quo (2009-2011) and current (2012-2015) energy interdependency in the Baltic Region Energy Security Complex as well as comparing the electricity and gas sectors in terms of cooperation and competition. Finally, the conclusions are drawn.

Method

Process-tracing.

Results

The results show that besides the ability to increase energy security by implementing national energy infrastructure projects the choice for cooperation depends on energy sector and the state approach taken to it (either strategic or market). Moreover, it was noticed that although implementation of BEMIP energy infrastructure projects reduced the possibility to gain advantage over the other states, it increased competition between Lithuania and Estonia both in energy and defense fields.

Conclusions

Baltic States Energy Complex underwent in internal transformation that not only changed the way they were interdependent, but also influenced the choice for cooperation and competition within the complex. Although the EU with the help of BEMIP tried to force the energy cooperation within a region, the Baltic States were not willing to cooperate and avoided cooperation where it was possible, which was clearly illustrated by the analysis of two cases. Integration into the Nordic energy system will allow attributing the Baltics to the bigger - Nordic – complex. However, it is unlikely that it will be possible to talk about the Baltic States sub-region or sub-complex as competition between Lithuania and Estonia will direct the countries to the opposite directions. Yet, to be fully secure, they will not exceed the boundaries of the Nordic energy system that might bind them as long as Nordic Countries are rich with resources.

References

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