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The Strategic Dimension of Russian Energy Towards the European Union

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Abstract

This study explores the importance of utilizing existing resources to enhance the political influence of states in pursuing their essential goals and interests within the context of modern international policy. This study explores the important role that oil and natural gas play in the economies of different countries, both as producers and consumers. These resources are extremely important because they have a significant impact on economic activities. Russia, as a prominent global power, holds substantial energy reserves, which solidifies its significance on the world stage. This study analyzes the influence of President Vladimir Putin's leadership since 2000 on how Russian leaders have used energy as a crucial component in their strategic approach towards the European Union. The European Union relies heavily on imported primary energy sources, which plays a significant role in Russia's strategy. On the other hand, this research focuses on Russia's energy strategy and its goal to maximize profits and regain its position as a major player in global energy markets, going beyond its current role as a simple energy resource exporter. The purpose of this study is to analyze the different types of Russian energy projects and their significance in the exportation of energy to European countries. The analysis primarily examines the expansion of these projects into non-conventional forms of energy production.

Keywords: *Energy variable, Russia's energy strategy, global energy markets, Russian energy projects, energy exports.*

Introduction

Russia, renowned for its vast territory, holds the distinction of being the largest country globally in terms of natural gas reserves. These reserves are estimated to account for a substantial 39% of the total global reserves. Russia possesses the seventh most substantial oil reserves globally, accounting for approximately 12% of the total reserves worldwide. Furthermore, it holds the second position as the largest oil producer and exporter, with a staggering output of 80 billion barrels. This figure corresponds to an impressive 5.4 billion barrels of the global oil reserves. (Bonab, 2021, P 591). As demonstrated in the tables presented herein (Table 1.2).

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Table number (1), oil indicators for the Russian Federation for the year 2021

Indicators	Oil in the Russian Federation	Percentage of Global Total	Global Rank
Production	10,944 million barrels per day	12.2%	Second
Consumption	3,407 million barrels per day	3.6%	Fifth
Exports	8,234 million barrels per day	12.3%	Second

Table (2), gas indicators for the Russian Federation for the year 2021 (Chief Economist, 2022, pp 15- 29).

Indicators	|Natural Gas in the Russian Federation	Percentage of Global Total	Global Rank
Production	701.7 billion cubic meters	17.4%	Second
Consumption	474.6 billion cubic meters	11.8%	Second
Exports	241.3 billion cubic meters	23.6%	First

According to the US Energy Information Administration, Russia emerged as the third largest energy producer in 2021, following the United States and Saudi Arabia. In 2023, the average daily total liquid fuel production, primarily oil, reached 10.48 million barrels. Concurrently, the volume of oil exports stood at 8.2 million barrels per day. (Shawqi, 2023)

The gas and oil sector in the Russian Federation played a significant role in the country's economy, representing approximately 25% of its GDP. Moreover, the sector's revenues made substantial contributions to the Russian budget, accounting for approximately 30% and 40% of its total revenue. (Khateeb, 2022).

Russia's energy strategy towards the European Union (EU) primarily focuses on providing natural gas and oil to European countries. The strategy aims to generate financial profits through the export of these resources while simultaneously fostering trade relations with the EU. Additionally, Russia seeks to expand its customer base in the European market as part of its energy strategy. This research summary examines Russia's significant role and influence in European security matters. Additionally, it highlights Russia's position as the largest energy supplier and a crucial trading partner in the region. Furthermore, the European Union (EU) emerges as the primary consumer of Russian energy resources. The ascension of President Vladimir Putin to power in Russia in 2000 significantly impacted the reconfiguration of Russia-European Union relations. President Putin's reform agenda aimed to revitalize the Russian economy and enhance Russia's domestic influence by implementing state control over various sectors.

The reform project focused on the reconstruction of Russia's economy and the reinstatement of its internal influence by means of state intervention in key economic sectors, with particular emphasis on the energy sector. (Hussien, 2016, p57)

The Russian Federation holds the distinction of being the primary energy provider to the European Union. Approximately two-thirds of Europe's energy requirements are sourced from Russia, reflecting a significant reliance on Russian energy imports. In 2021, Russia maintained its position as the primary natural and petroleum gas supplier to the European Union (EU). (Al-Anbari, 2016, p38).

Approximately 19.8% of oil and 41% of gas were contributed by Russia, accounting for a significant portion of the total gas sales in the country. This data highlights the crucial

role played by Russian energy exports in meeting the energy demands of European nations.

The significance of Russian energy has grown due to the ongoing depletion of Norwegian reserves. In contrast, Russian reserves remain substantial, and projections indicate that the European Union's oil and gas reserves will persist for the foreseeable future, spanning approximately 50 to 100 years. (Khulaif, 2014, p94).

The level of reliance on Russian energy supply among EU member states varies based on factors such as energy diversity, geographical proximity to the energy source, and the presence of infrastructure. These factors can be categorised into three main groups. The first group consists of countries with a relatively low level of dependence on Russian energy supplies, namely Spain, Sweden, Britain, the Netherlands, Portugal, Belgium, and Ireland. Several European countries exhibit varying levels of dependence on Russian energy supply. France, Italy, and Germany can be classified as having a moderate level of dependence. On the other hand, Austria, the Czech Republic, Greece, Hungary, Bologna, Romania, Slovenia, Finland, Lithuania, and Slovakia are characterised by a higher degree of reliance on Russian energy supply. (Rasoul, 2017, p211).

Table 4: Russian Oil and Gas Exports to the EU in 2021

The Russian Federation's exports of oil and gas to the European Union in 2021		
States	Oil	Gas
Belgium	0-25	0-25
Bulgaria	75-100	75-100
Czech	25-50	75-100
Denmark	0-25	0-25
Germany	25-50	25-50
Estonia	25-0	75-100
Ireland	0-25	0-25
Greece	0-25	25-50
Spain	0-25	0-25
France	0-25	25-50
Croatia	0-25	0-25
Italy	0-25	25-50
Cyprus	0-25	Na
Latvia	n.a	75-100
Lithuania	50-75	25-50

Luxembourg	n.a	Na
Hungary	75-100	75-100
Malta	0-25	0-25
Netherlands	25-50	0-25
Austria	0-25	75-100
Poland	50-75	50-75
Portugal	0-25	0-25
Romania	25-50	75-100
Slovenia	Na	75-100
Slovakia	75-100	75-100
Finland	75-100	75-100
Sweden	0-25	50-75

First: Monopoly Power

In the aftermath of the Cold War and the dissolution of the Soviet Union, the Russian government displayed a strong inclination towards consolidating its dominance over the energy sector. This involved exerting control over both domestic and international pricing mechanisms. The Russian energy strategy towards the European Union prioritized attaining Russia's key strategic goals. This was achieved through the exertion of control over European energy markets, primarily by gaining influence over energy sources in the Mediterranean region and the Caspian Sea region. The objective was to enhance the diversification of external energy resources for the European Union member states.

1. Mediterranean region.

The Mediterranean region refers to the geographical area surrounding the Mediterranean Sea. It is characterized by its diverse climate, rich history, and cultural heritage.

The Eastern Mediterranean region holds significant strategic importance on a global scale. The Eastern Mediterranean region has recently witnessed significant energy discoveries, particularly in the form of natural gas reserves. According to the United States Geological Survey's estimation in 2010, it is believed that there may be around 122 trillion cubic meters of undiscovered gas resources in the coastal areas of Syria, Lebanon, Israel, Gaza, and Cyprus. These findings highlight the potential for substantial energy reserves in the Eastern Mediterranean. The eastern Mediterranean region has been found to contain numerous gas fields, in addition to an estimated 107 billion barrels of extractable oil. However, it is important to note that these figures are considered to be conservative estimates and do not encompass the reserves in the Nile Delta Basin over the past decade.(Bakir, 2018).

The Eastern Mediterranean holds significant strategic value for Russia, as it allows the country to counterbalance the dominant influence of the United States in shaping regional dynamics in the Middle East. This influence extends across various domains, including

military strategies and economic engagements. Moreover, the Eastern Mediterranean serves as a crucial transit route for transporting petroleum and natural gas from the Middle East to the European Union, making it a pivotal location for Russia's economic interests.

Russia has strategically aimed to establish a dominant position in the European market by securing control over the eastern Mediterranean region. This objective is pursued through involvement in additional or alternative gas initiatives, thereby safeguarding its interests. Furthermore, Russia has also pursued military presence and bilateral agreements in Syria to further solidify its position in the region. The concentration of Russian influence in Syria is of notable significance due to Syria's strategic positioning in the energy map of the eastern Mediterranean region, making it the most crucial location in this area. Due to its strategic geographical position, Syria serves as a crucial gateway to both Turkey and Europe. Furthermore, the country possesses a significant gas reserve, which has led to intense competition among international and regional actors for control over Syrian territory. Recognizing the significance of dominating the Syrian oil sector, these actors aim to secure Europe's gas and oil supply. (Ozdmair, 2018).

2. The Caspian Sea region

The Caspian Sea region is a geographically and geopolitically significant area located in the heart of Eurasia. It is bordered by five countries: Russia, Iran, Kazakhstan, Turkmenistan, Azerbaijan.

The Caspian Sea has gained global strategic significance in the aftermath of the Soviet Union's dissolution. This region, including the Caspian Sea itself, is known for its abundant natural resources. The Caspian Sea is a body of water that serves as a shared sovereignty zone for several coastal bordering states, namely Russia, Iran, Kazakhstan, Turkmenistan, and Azerbaijan. The region possesses a substantial reserve of approximately 25 to 30 billion barrels of oil. The region in question is anticipated to witness significant advancements and breakthroughs in the coming years. In addition to possessing a substantial oil reserve base estimated to be as high as 75 billion barrels. (Shawket, 2016).

The transportation of oil and gas from Caspian-ridden countries to global markets has become a significant concern due to the geographical constraints of being surrounded by oceans and open seas, which limit the use of tankers for shipping. As a result, the development of oil and gas pipeline networks has become crucial for these countries to transport their valuable resources across multiple borders and ensure access to global markets. (Abdul-Atee, 2014, P27- 31).

Russia's efforts to dominate energy sources in the Caspian Basin countries are driven by its desire to maintain control over European energy markets. If Russia successfully controls Caspian Sea oil, it would represent a significant victory for the country, surpassing the West's achievement of expanding NATO through the annexation of former Soviet Union-allied countries in Eastern Europe. (Khairi, 2012, p71)

Russia has made efforts to control the region's resources, specifically petroleum and trade, through bilateral agreements with its States. In 2005, Kazakhstan and Russia signed an agreement to collaborate on a joint project focused on the development of the Korma Mangazi oil field. This oil field is estimated to have reserves of approximately 980 million tonnes and necessitates a direct investment of $23 billion. Additionally, a joint venture was established between Lukoil Russia and Kazmogas Kazakh State to develop the Khvalinskoi oil field located in the Russian sector of the Caspian Sea.(Baeif, 2010, p252).

In 2007, an Energy Agreement called the Turkmenistan Convention was signed, involving Turkmenistan and Kazakhstan. This agreement facilitated the transfer of the two countries' production through the Russian pipe network. As a result, Russia has gained a

monopoly over the transfer of natural gas until 2028. Additionally, Russia has entered into a pipeline construction deal with Kazakhstan, connecting Yorgas and Alexanderpolis. This pipeline enables the transfer of energy from Russia to Bulgaria and Greece, ultimately reaching European markets. (Taher, 2010, p169).

Russia demonstrates a steadfast dedication to facilitating the passage of natural gas pipelines via its territory and ports, driven by various compelling rationales in order to enhance its strategic position within the region, as well as attain economic gains and political sway over the energy resources in the area.

Three countries are subject to U.S. involvement aimed at exerting control over the energy resources in the region.

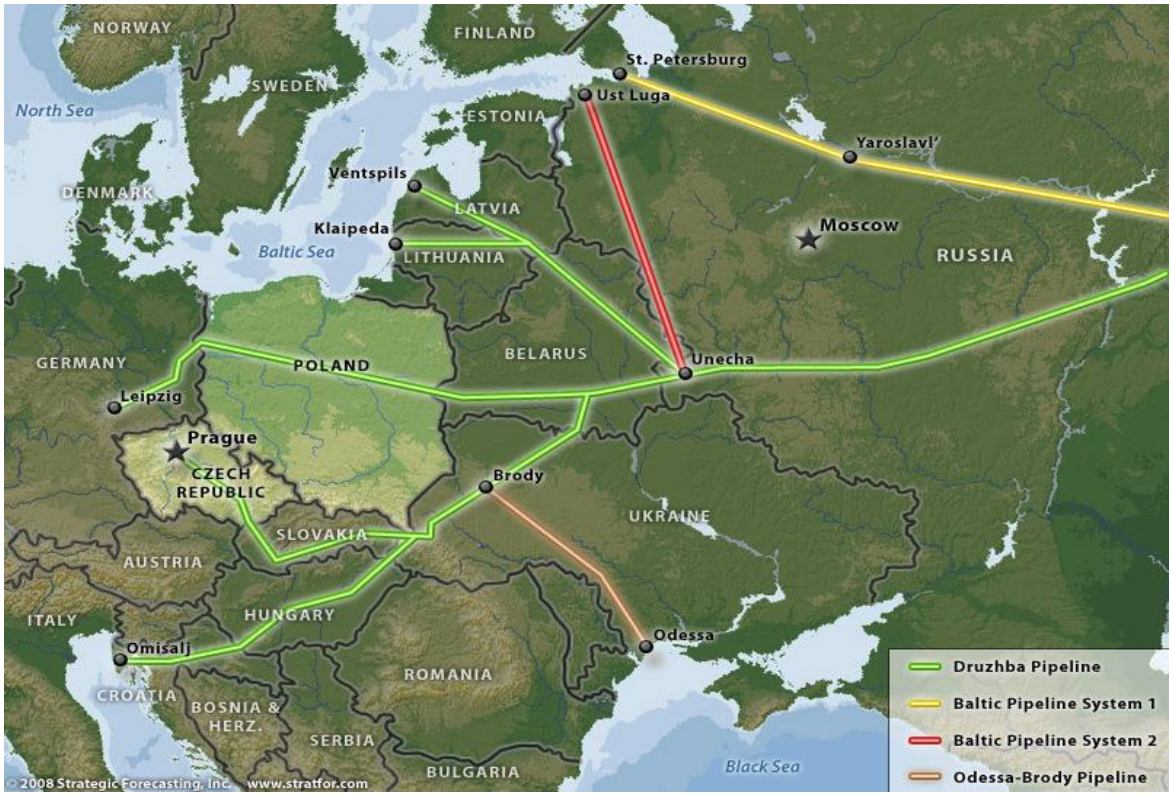
Examining the implications of aligning energy-consuming nations with Russian strategy or embracing the Russian model within the global arena, particularly with regards to the European Union, China, and Japan.

The maintenance and safeguarding of Russian energy security necessitates the strategic management of oil and gas transmission networks, with particular emphasis on the Central Asian and Caspian regions, in order to uphold Russian hegemony over these territories. It is anticipated that the prevailing and forthcoming global battle will mostly revolve around energy resources, particularly oil and natural gas. Consequently, Russia aims to establish and exert its prominence and sway in the respective regions. The proposed endeavor aims to serve as a prospective undertaking for the transmission of energy across Russian territory; furthermore, the energy strategy of the Russian Federation with respect to the European Union is assured. (Thabit, 2002, p18).

Russian Energy Initiatives and Investments in the European Union

The Russian Government has undertaken efforts to rejuvenate the energy sector with the aim of safeguarding Russia against both internal and external threats. This is particularly crucial considering Russia's significant influence in Europe, which heavily relies on trade routes. Power pipelines, being a vital component of Russia's national security, are of utmost importance in this endeavor. The Federal Russia has undertaken several significant projects in the realm of energy transfer to European nations. These projects hold paramount importance and merit attention. (Deeb, 2018, p159).

1. Druzhba pipeline, established in 1960, holds significant importance as one of the largest pipelines for transporting Russian oil to Europe. This pipeline serves as a collaborative effort between various European and Russian companies. The transportation of the ore spans approximately 4,000 kilometers from the eastern region of Russia to various destinations including Ukraine, Belarus, Poland, Hungary, Slovakia, the Czech Republic, and Germany. The network additionally extends its reach through multiple pipelines to facilitate the transportation of petroleum products across Eastern Europe and other regions. Notably, the Drujba pipeline boasts a substantial capacity of approximately 1.4 million barrels per day. The aforementioned artery serves as the primary conduit for the transportation of substantial volumes of Russian and Kazakh oil throughout the European continent. (Shawqi, 2023).



Map of The Druzhba pipeline

The Russian Federation is currently engaged in an endeavour to enhance its global influence by means of expanding its pipeline network for energy transmission to European Union member states. This strategic initiative involves collaborative efforts and joint investments aimed at bolstering the country's standing on the international stage. The oil export strategy of the State has been delineated into three distinct phases, spanning until the year 2030.

During Phase I (2013-2015), significant efforts were directed towards the modernization of the oil sector. This involved a substantial increase in investments aimed at enhancing technical infrastructure and mechanisms. Notably, priority was given to the development and implementation of pipelines and oil ports, particularly the Baltic Pipeline II, which played a crucial role in facilitating the efficient transportation and distribution of oil. Additionally, the establishment of oil pipelines.(Khorie, 2012).

During Phase II (2015-2022), Russia has prioritised the attainment of optimal energy consumption levels and enhanced productivity. Additionally, significant efforts have been directed towards the development of vast reserves in eastern Siberia, the Far East, the Yamal Peninsula, and the Arctic region, with the objective of achieving maximum productivity.

Phase III (2030-2022): During this stage, Russia is strategically prioritising the advancement of its conventional energy sources while concurrently exploring the potential of its non-traditional resources. Consequently, the nation's production capacity is projected to peak at its highest levels before gradually tapering off.(ipd).

2. The Yamal-Europe Pipeline is a major natural gas pipeline that connects the Yamal Peninsula in Russia to Western Europe.

The gas pipeline project, situated on the western Siberian peninsula of Yamal in the Federal Republic of Russia, encompasses two pipeline lines of 1,420 km and 4,100 km in length. These pipelines are designed to facilitate the transportation of natural gas from the Yamal resources to Germany, traversing through Russia, Belarus, and Poland.

Gazprom is the proprietor and operator of the pipeline segments located in Russia and Belarus, while Europol Gas and Wingas, which respectively oversee the Polish and German sections, are under the ownership and operation of Gazprom.

The aforementioned gas pipeline is recognised as one of the tallest in the world. Its construction commenced in 1994, and it achieved full operational status in 2006. The Yamal-Europe pipeline possesses a substantial capacity of 33 billion cubic metres, which accounts for almost one sixth of Russia's gas exports to Europe.

3. The Northern Torrent project, sometimes referred to as the Russian-German pipeline, was established in 2003 with the aim of transporting Russian natural gas to Northern Europe.

The route extends from the Russian municipality of Vipurk to the German municipality of Crisvard, traversing the maritime boundaries of Finland, Sweden, and Denmark, in addition to the shared territorial waters of Russia and Germany. (Mohammed, 2021, p241).

The project encompasses two pipelines, with the first one finalised in 2011 and boasting an annual capacity of 27.5 billion cubic metres of natural gas. The second pipeline was completed in 2012, matching the energy output of the first line. Consequently, the combined transportation capacity of both pipelines amounts to approximately 55 billion cubic metres of natural gas per year.

Gazprom holds the majority stake in the project, alongside prominent Dutch, French, and German companies. The estimated cost of the project amounts to approximately 7.4 billion euros. (Shammari, 2020, p475).

The primary objective of the project was to enhance political and economic integration between European countries and Russia, while simultaneously ensuring sustained market dominance in the European energy sector. Additionally, the project aimed to circumvent the reliance on Ukraine as a transit state. The project encountered resistance from the Baltic States and the United States of America, which viewed it as a manifestation of Russian influence over the European Union's energy transportation projects .(Rasool, 2020, p123).

4. The Nord Stream 2 pipeline was initially introduced in 2015 as a means to facilitate the transportation of natural gas from Russia to Germany. This project was established through a collaboration between the Russian company Gazprom, five European energy companies, and a consortium known as New Nord Stream 2. Spanning a total length of 1225km, the pipeline runs parallel to the existing Nord Stream pipeline, situated on the bed of the Baltic Sea. Its primary objective is to enable Russia to export about 55 billion cubic metres of natural gas to Germany.(Al-sisi, 2012, p1).

The Nord Stream 2 project incurs an estimated cost of approximately 10 billion euros, traversing regions under the jurisdiction of Russia, Sweden, Germany, Finland, and Denmark, with the latter being the final nation to grant approval for the undertaking. (Zenend, 2021).

The completion of European licencing is currently pending due to significant opposition from the United States. The US administration perceives this project as a potential security threat in Europe. On December 12, 2019, the former US president, Donald Trump, signed a legal measure imposing sanctions on any company that aids Gazprom in finalising the construction of the gas pipeline to Europe. These sanctions specifically target construction companies involved in the operations of Nordstream.(Zenend, ipd).

5. The Southern Torrent project: aims to establish a transportation route for Russian gas to reach Europe by traversing the Black Sea, Bulgaria, Romania, Hungary, and Austria. This proposed initiative seeks to integrate with the Western European network,

effectively bypassing the need to transport gas through Ukraine, which spans 2380 kilometres and carries an annual volume of 63 billion cubic metres. (Deep, ipd, p182).

One aspect of the transformation in Russian energy policy on the European continent is focused on eliminating Ukraine as an intermediary in the gas export process between Russia and Europe. The project was initially slated for completion in 2016, with multiple companies serving as co-founders. The Russian Gazprom company holds a significant position in the project, possessing a 50% stake. Additionally, the Italian company Eni holds a 20% ownership, while the French company EDF and the German company Wintershall each possess a 15% stake in the project. (Younes, 2015).

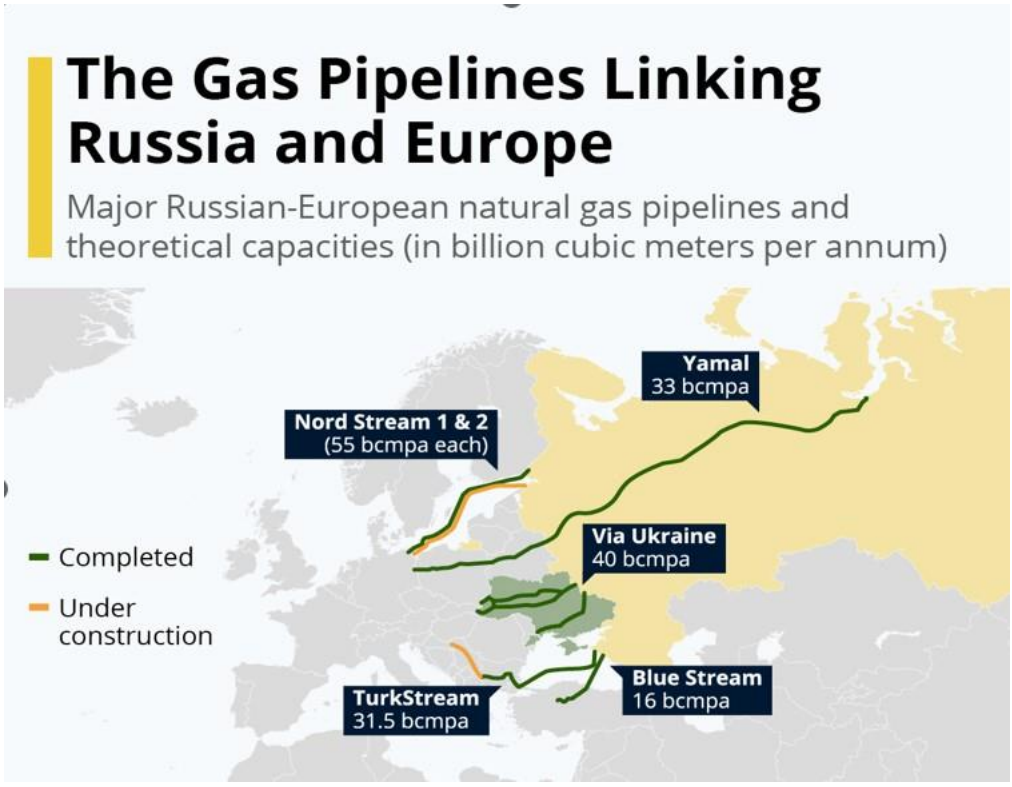
The non-completion of this project can be attributed to political factors, specifically the opposition from Bulgaria and certain EU member states. Conversely, Russia effectively addressed the suspension of this pipeline by implementing an alternative energy security strategy. This strategy aims to reduce reliance on transit countries, particularly Ukraine and Turkey. The aforementioned project presents a formidable challenge to the US-managed "Naboko Line" initiative. (Eman, p 872).

6. Turkish torrent project originated from Russian President Vladimir Putin's proposal during his 2014 visit to Turkey. The objective was to establish a means of transporting natural gas from Russia to Europe via Turkey, utilising the Black Sea route to reach the Turkish mainland. The project's ultimate goal was to establish extensive gas storage facilities at the Turkish-Greek border, enabling the distribution of gas to consumers in eastern and central Europe.(Kkaleej, 2020).

The project comprises two pipelines, collectively measuring 31.5 billion cubic metres annually. The first pipeline is designated for Turkey, supplying it with 15.75 billion cubic metres per year. The second pipeline is intended for the remaining European countries. The estimated cost of the project is $13 billion.

By around 2035, Russia will have the opportunity to enhance its influence within Europe's energy industry. Currently, Russia is responsible for the annual extraction of approximately 63 billion cubic metres of natural gas. .(Rasheed, 2022, p220).

The energy transmission lines connecting Russia and the European Union can be considered a strategic instrument within Russian energy policy. These lines hold significant influence in shaping Russia's energy relationships with both transit and importing nations. This assertion can be substantiated by examining the utilisation of Russian energy resources to advance its strategic goals vis-à-vis the European Union, particularly in light of the Ukrainian crisis. Ukraine holds significant geopolitical significance as a crucial transit route connecting Russia and the European Union. The region's crucial role in advancing the shared interests of the involved parties emphasises its strategic value. (Eman, p278).



Map of The Gas Pipelines Linking Russia and Europe

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