

European Union prepares its energy security

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With 600 million people working and living in highly advanced and energy thirsty industries and cities, the countries of the European Union (EU) and its periphery constitute one of the largest energy consumers in the world.

Few tasks pose the need for the overcoming of national boundaries and the socialisation of ownership more clearly than power production. However, proposals being pushed forward by the EU are aimed primarily at sucking raw materials and energy out of its impoverished neighbours, into the EU's heartlands so as to ensure the domination of the big European oil companies and power generators, US energy firms based on the continent, and a secure energy supply for big business.

A recent document, "On the Development of Energy Policy for the Enlarged European Union, its Neighbours and Partner Countries" published 13 May 2003, by the European Commission, outlines the EU's perspective to ensure its gas, electricity and oil supplies beyond the next decade. The Commission also aims to develop the internal energy market within the EU.

The document emphasises the importance of Russia—the EU's largest single energy supplier, providing 19 percent of oil, 40 percent of gas and much of the requirements for enriched uranium (no figure is given for the latter). Energy sales to the EU constitute 50 percent of all external Russian trade.

Established in 2000, the EU-Russian Energy dialogue aims to fund infrastructure projects and establish a legal and technical framework to integrate Russian gas, oil and electricity distribution systems into those of the EU. Opening the Russian market to European power companies is also a major goal. Under the guise of environmentalism, the Commission is seeking to break into a Russian market dominated by elderly Soviet era plants.

Currently the only direct electricity connection is

between Russia and Finland, although intermediary countries such as Ukraine and Belarus are integrated into the Russian electricity distribution system. The Commission proposes that new interconnection projects should be made a priority.

Two gas pipelines are also forecast. The Trans European pipeline would transport gas from the Shtokman field in the Barents Sea 1,359 km to the Russian coast north of St Petersburg, and from there 1,300 km under the Baltic Sea into Germany, the Netherlands and the UK. Another, the Yamal-Europe pipeline network would duplicate existing lines which move gas from the Yamal peninsula in Siberia through Belarus and Poland into Germany.

The Commission also proposes upgrades and "reforms" to much of the Ukraine's gas storage and supply network. Currently up to 90 percent of Russian gas exported to the EU passes through the Ukraine.

Russia is currently the second largest oil exporter in the world, after Saudi Arabia, exporting 124.4 million tonnes of oil in 2000. Fifty-seven percent of this went through marine terminals such as the new Primorsk terminal in the Gulf of Finland, much of it in elderly oil tankers. The EU Commission aims that much of this should instead be carried through the Druzhba pipeline, which traverses Northern Europe, and the Odessa-Brody pipeline, into Gdansk in Poland. It proposes to build lines from the Romanian port of Constanta to Trieste in Italy, and from Burgas in Bulgaria to Alexandroupolis in Greece.

The EU Commission acknowledges the strategic significance of the Caspian Sea, stating that the EU has specific interests in the huge resources of the region. "The key will be to facilitate the transportation of Caspian resources towards Europe, be it via transit through Russia or through other transport routes." The EU is holding energy related discussions with Azerbaijan and Kazakhstan under the framework of the

EU's TACIS programme aimed at developing trade and investment in the countries of the former Soviet Union.

A series of gas pipelines are proposed, including an interconnector between Greece and Turkey for Iranian gas, a new line from Baku in Azerbaijan to Turkey, and an entire network from Turkey to Italy. The total cost is estimated at six billion euros minimum. The potential of the Iranian gas supply industry is described as "almost unlimited."

New oil pipelines have also been built connecting the Caspian Sea with the Black Sea, such as a pipe linking the Tengiz field in Kazakhstan with the Russian terminal at Novorossysk. Another links the Chiarg oilfield in Azerbaijan with Soupsa in Georgia. Oil is then transported in tankers to Bulgaria or Rumania, or directly into the Mediterranean, through the Bosphorus, involving 7,400 tankers. A new terminal in Odessa is planned to allow more Caspian oil to reach Central Europe and the Baltic.

A second region assuming great importance is North Africa. The Euro-Mediterranean Energy Forum was formed in 1995 to secure supplies to Europe and an energy free trade area surrounding the entire Mediterranean. This proposes that an energy market be established around the Maghreb, including Morocco, Algeria, and Tunisia, perhaps Libya. It also plans for electricity interconnections to be newly established or upgraded between Morocco and Spain, Greece and Turkey, Libya and Tunisia, and Italy and Tunisia as part of an electricity ring allowing power transmission from one end of the Mediterranean to the other. The entire scheme will cost billions of euros.

The Commission also aims to increase gas transport between Algeria, France and Spain and proposes an Arab-EU gas link between Egypt, Syrian, the Lebanon, Cyprus, Turkey and the EU. Once arriving in the EU the gas could be transported as far as the Baltic.

A third area singled out is South East Europe, where the Commission propose the creation of an energy market based on existing proposals to integrate gas and electricity supply in the region. This covers the entire Balkans, Greece, Turkey, and Romania, with Italy, Austria and Hungary observing. The countries agreed in November 2002 to "liberalise" their national power markets, rationalise tariffs and open up infrastructure to "third parties", i.e., Europe's major power companies.

To this end, the Commission proposes new, or reconstructed, electrical power links between Croatia, Serbia and Bosnia and Herzegovina, as well as strengthening links between Greece and Bulgaria, Italy and Turkey. It also proposes a gas pipeline from Turkey to Austria, transiting Bulgaria, Romania, and Hungary.

The document refers to the updated "Action Plan" for the EU's "Northern Dimension"—the Scandinavian-led initiative to create a northern conduit for Russian mineral wealth and resources into the EU. This proposes a new power bridge between Lithuania and Poland, a regional electricity market around the Baltic Sea, and new regional gas pipelines and storage facilities.

The document makes just one reference to US corporations already active in the Caspian Sea area. And no reference is made to the ongoing US/UK occupation of Iraq, despite Iraq figuring as a significant source of oil and gas. However, considerable stress is laid on the need for the Galileo satellite navigation system, as a means to ensure the security of existing and planned oil and gas supply lines, and power cables. Galileo is the proposed European rival to the US satellite-based Global Positioning System and is opposed by the Bush administration.

The European power industry is already being reshaped, as national energy monopolies are broken up and replaced by numerous continent-wide operators, many privately owned. With the emphasis on introducing market mechanisms into power production, power companies are now competing to deliver electricity, for example, through the same lines to a consumer. Termed "unbundling the local network", it has led to thousands of job cuts in power generation industry across Europe.



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