Ideas, power and change: explaining EU–Russia energy relations

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ABSTRACT This article explores the European Union’s (EU) energy relations with Russia through new institutionalist concepts that understand ideas to be powerful within policymaking processes, in conferring credibility on certain governance norms as well as in contesting existing institutions. Explanations of the deterioration in EU–Russia energy relations have emphasized divergence in perspectives on energy, and how it should be governed, between these actors. Here it is argued that the proliferation of different ideas about energy within EU institutions has significant implications for this relationship. The paper analyses EU energy policy as a whole, including climate policy, and outlines what ideas have been influential over policymaking processes and with what consequences. Internal ideological differences challenge the dominance and credibility of market liberal ideas and policies, the EU’s ability to speak with one voice in energy and attest to an increasingly complex and contradictory EU energy policy.

KEY WORDS Climate change; energy policy; energy security; EU–Russia relations; ideas; power.

European Union (EU)–Russia energy relations are examined here through the application of concepts that emphasize the social and political power of ideas. By doing so it takes EU–Russia energy relations beyond positivist and rationalist explanations, whilst also placing it within the wider context of an increasingly challenged and complex ideational landscape. The EU had found itself on the ‘right’ side at the end of the Cold War, when an end to the history of ideological contestation was claimed. Arguments proliferated, and were believed, that other political models had failed and that market liberal ideas were intrinsically superior, and this served to underpin a sense of knowledge authority in the EU (OSCE 1990; see also Hurrell 2006: 7). The EU has been characterized as a normative power in international relations based on an acceptance of market liberal values, rules and norms and the dissemination of these rules abroad (Haukkala 2005; Manners 2002; Wagnsson 2010; Youngs 2010). However, arguments are now emerging, in particular in this era of ongoing economic crises, that market liberal economic ideas face a much greater degree of credible contestation, not least from emerging powers such as China, Brazil and Russia (Bisley 2010; Hurrell 2006). Energy, as a re-emerging domestic and foreign policy field, arguably finds itself at the core of this
contestation of the market liberal project (Buchan 2010: 401; Goldthau 2012; Kaletsky 2010: 197). We can understand better the significance of this claim for EU–Russia energy relations by viewing the relationship through the prism of ideas as being powerful within policymaking and negotiating processes.

Notions of ideational contestation and change have to an extent already been reflected in analyses of EU–Russia energy relations, in that the re-emergence of different approaches to energy governance has been acknowledged. Most analyses, in particular by positivist and rationalist scholars, have tended to interpret Russian energy policy changes in a somewhat reductionist fashion (Correlje and van der Linde 2006; Erixon 2008; Finon and Locatelli 2008; Noël 2013; Smith 2010; Yergin 2006). The underlying sense of much of this work is that the market liberal direction of EU energy policy during the 1990s represents the norm from which Russia has recently deviated. This viewpoint is underpinned by an acceptance that economics, not politics, should drive energy policymaking, a rejection of the kind of state interference that was understood to have caused the 1970s oil shocks, and argues that freely trading markets will deliver supply security (see Mitchell et al. 2001). Russia’s resurgent resource nationalism of the mid to late 2000s, in that it embodied a rejection of market liberal energy governance, was interpreted as jeopardizing recently established international energy market institutions as well as EU energy security (Correlje and van der Linde 2006; Finon and Locatelli 2008). From this perspective it follows that EU relations with Russia should be ‘normalized’ by a return to the market liberal path and that market liberal solutions will work in answer to current energy problems (Erixon 2008; Noël 2013).

This approach fails to offer a comprehensive explanation of this complex situation as well as to recognize the possibility that the market liberal approach is no longer as dominant as it was. Much of this analysis views energy policy through lenses narrowed to focus on market liberal supply security, but not on energy policy as also needing to deliver climate change mitigation. Furthermore, by suggesting that current problems in international energy markets are the fault of other, non-liberal actors, attention is deflected away from critical analysis of EU energy governance structures and practices. A focus on material energy assets and production capabilities, such as Europe’s dwindling oil and gas production in contrast to Russia’s ‘vast’ reserves, as defining interests does little to explain how different approaches to energy governance are constituted or why they change. This paper suggests that policy differences are based not just on interests and material capabilities, but also on varying understandings of energy, its role in society and how it should be governed. In addition, the focus on Russia’s new approach to energy governance as different to the EU understates the degree of ideological contestation within and between EU institutions (see also Wagnsson 2010). This takes us beyond the well-worn image of the EU as a market liberal energy actor to reveal the complex range of ideas, including those about climate change mitigation, that now inform policymaking. The increasingly contested internal ideational landscape has important implications for the EU in terms of its ability to be influential over Russia in
energy negotiations, for the legitimacy of market liberal ideas, for how the EU is perceived externally and for the EU’s own sense of direction and identity as an international energy actor.

This article will first introduce the framework underpinning this paper. It brings new institutionalist concepts that have explored the role of ideas within policymaking processes together with notions that socially constructed ideas can confer authority in international relations. The second section puts forward evidence in support of the argument that the market liberal approach is being increasingly successfully challenged within EU institutions. Alternative frameworks, stemming from geopolitical and climate change thought, have already driven a re-prioritizing of objectives and a greater degree of top down intervention in energy markets. The ways in which the proliferation of influential ideas about energy governance has impacted upon EU energy policymaking and on EU–Russia energy relations are then outlined.

IDEAS: LEGITIMACY, POWER AND CHANGE

This paper takes the position that one key to formulating better understandings of EU–Russia relations lies in the application of concepts that recognize and explain the ability of ideas to be influential (see Haukkala 2005, 2009). Here the emphasis is on energy relations specifically, as opposed to EU–Russia relations more broadly, and on ideas as being influential over policymaking during periods both of consistency and of change. The notion that ideas matter in politics is long recognized and the framework developed here draws on attempts to understand more precisely what impact they have on policymaking and under what conditions (Béland 2009; Berman 1998; Blyth 2002; Campbell 1998; Hay 2001; McNamara 2010). Three principal relationships between ideas and power, which touch also upon notions of legitimacy and identity, are outlined here in order to help explain what ideas have mattered within EU–Russia energy relations, how and with what consequences.

Ideas as structuring policy practices

The first relationship outlined here emphasizes the ability of ideas to form and structure policymaking processes, and as such relates closely to the notion of power as constraint within social relations (Berman 1998; Campbell 1998; Hall 1993; Hay 2001). Analyses that have portrayed the EU in uncomplicated terms as a market liberal actor tend to only infer that this set of ideas has been influential over EU energy policymaking, whilst also inferring that they improve policy (Correlje and van der Linde 2006; Finon and Locatelli 2008; Noël 2013; Smith 2010). Here it is argued more explicitly that actors within policymaking processes often work within a framework of ideas and standards. These frameworks can be understood as elite assumptions that actively constrain the cognitive range of useful solutions available to policymakers (Campbell 1998: 385; Hall 1993: 279). Ideas, once accepted, can in this way influence how actors
interpret policy problems, as well as influencing the objectives and instruments of policy that are deemed appropriate (Hall 1993: 279).

If we take the example of market liberal ideas we make more explicit here what impact they have had on EU energy policymaking over the past few decades. From the market liberal perspective, energy has been interpreted more as a commodity, tradable and replaceable, and less as a public good or strategic asset, and this has tended to increase the relevance of economic over political analysis (Cherp and Jewell 2011: 4). The thinking continues that market mechanisms are best at allocating energy commodities as well as being more efficient at correcting shocks and supply–demand imbalances (see McGowan 2008: 102; Youngs 2009: 174). From the late 1980s onwards, although energy security was still an objective it was increasingly understood that this would be a natural outcome of the creation of a competitive, integrated market (CEC 1988; EC 2011b: 4; see also McGowan 2008: 94). In 1986 the primary objective of the EU therefore became liberalized markets and ‘greater integration, free from barriers to trade, of the internal energy market with a view to improving security of supply, reducing costs and improving economic competitiveness’ (CEC 1988: 2).

The three Energy Packages have been based largely on the provisions of the internal market and the work of the Competition Commission (Tosun and Solorio 2011: 2). It is notable that there was no separate energy directorate general until 2010 and, as such, energy policymaking was embedded within a broader, non-specific market liberal movement. Although progress has been slow, and various member states have either objected to market liberal rules or have failed to enforce them, it can be claimed that the direction of EU energy policy has been towards establishing competitive, integrated markets and that each Package extended the reach of the Commission (Eikeland 2011; McGowan 2008). One important qualification is that the EU has recently acknowledged that there are certain market failures associated with energy, not least with regard to climate change. From the market liberal perspective, however, market instruments are preferred as measures to address such failures (EC 2010a).

What is also important here is that market liberal ideas have not only influenced the direction of EU energy policy but they have also informed how recent Russian energy governance reforms have been perceived (see below). From a market liberal perspective Russia’s actions are wrong, hence attempts to make this clear to Russia under the assumption that they might see the error of their ways (EC 2008a; see also Hadfield 2008a; Romanova 2008).

**Ideas as conferring authority**

The second, related, ideas–power relationship outlined here is based on the suggestion that ideas, and claims to certain forms of knowledge, can confer authority on social actors and political institutions, allowing for the exercise of ‘soft’ versions of power (Campbell 1998; Haukkala 2009). Power is understood
as an outcome of social order that goes beyond influence by coercion by granting an ability to induce deference in others but to also set the terms of reference within a negotiation (Haukkala 2009: 1760; McNamara 2010: 153). Arguably the ability of an actor to influence in this way relates directly to the perceived legitimacy of ideas both in terms of those involved in the policy area as well as external actors within any process of external negotiation. Legitimacy can, in turn, relate to the degree to which ideas have become embedded institutionally, in that this can allow for policy predictability and continuity, partly because embedded frameworks become ‘less amendable to scrutiny’ or contestation over time (Hall 1993: 279; see also Widmaier et al. 2007). In this way power is capacity for social action but constrained by the dominance of certain frameworks of ideas over others at points in time (see Haugaard 2003: 88).

Constitutive norms, or embedded ideas, can also be understood as a way of measuring identity, in that they help individuals to define themselves as a collective and to build consensus as well as allowing outsiders to identify that particular collective in certain ways (Abdelal et al. 2009: 20–21). What becomes important here is how the EU has seen itself as an international actor, the degree to which it can credibly claim knowledge authority and how those they wish to influence perceive the EU. The EU has identified itself as an international peace project resting, amongst other things, on ‘economic liberty’ and on notions of positive economic interdependence underpinned by rules and norms as fostering peace (OSCE 1990). Indeed, part of the EU’s created identity has been founded on the overt rejection of power politics, which had historically so brutally split Europe, through the pursuit of peace via the establishment of international norms (Haukkala 2005: 2; see also Abdelal et al. 2009). The notion that the liberal economic peace project, as new and quantitatively different, was something that could unite Europe has its attractions and underpinned a positive conception of the EU as an actor both internally and, for some, abroad (Haukkala 2005: 2). With regard to energy it was understood that the establishment of free markets would serve as a direct antidote to the destructive market interference by the Organisation of the Petroleum Exporting Countries (OPEC) during the 1970s oil shocks.

The influence of market liberal ideas over EU internal policy has, therefore, been reflected in the construction of its foreign energy relations, in that they have largely set the terms of reference. The EU has pursued an ongoing, and urgent, need to better ‘promote EU policies beyond its borders’ and to ‘normalise’ energy relations with third parties via liberal market rulemaking (EC 2011b: 4). The EU has also pursued, with greater or lesser degrees of urgency over time, the notion that speaking with one voice in foreign policy will allow the EU to be more influential in its attempts at energy policy transfer. These energy foreign policy ideals echo those of other Organisation of Economic Cooperation and Development (OECD) institutions. The International Energy Agency (IEA)’s shared goals, for example, include free and open markets and trade and undistorted energy prices (Kohl 2010: 197). The World Bank and the International Monetary Fund (IMF) have, like the EU,
encouraged market liberal policy transfer via lending conditionality and have influenced the privatization and liberalization of energy sectors in a range of transitional and developing countries (de Oliveira and MacKerron 1992). As such, EU knowledge authority has been part of, and extensively supported by, a broader orthodoxy of market liberal ideas within elite policymaking communities.

Looking at EU–Russia relations in the 1990s, it is possible to claim that market liberal knowledge authority, together with important economic incentives, did allow the EU to be influential. The EU were, during this period, able to set the terms of negotiations with Russia and other Former Soviet Union (FSU) countries in energy and more broadly (Haukkala 2009: 1762; Schimmelfennig and Sedelmeier 2011: 661; Youngs 2010: 3). The EU has been labelled as the ‘rule giver’ within this relationship and Russia the ‘rule taker’ (Romanova 2008: 220). The Partnership and Cooperation Agreements (PCAs) established in the 1990s, the Energy Charter Treaty (ECT) and the EU–Russia Energy Dialogue, whilst making some concessions to Russia, were all attempts at market liberal policy transfer (Haukkala 2005; Romanova 2008). Russia did proceed with privatizing its energy sector in the 1990s, albeit perhaps not in the manner envisaged by EU and US advisors (Stiglitz 2002: 133–36), as well as signing up to the ECT. This decade of EU influence might also be related to the understanding that Russia had ‘lost’ the battle of ideas, combined with the EU belief that market liberal ideas work in a generic fashion.

Ideas, contestation and change

If knowledge authority confers the ability to influence and to set the terms of a negotiation and this is, in turn, based upon the degree to which ideas are embedded, credible and understood as the norm, then the current situation of greater ideational contestation may well infer less knowledge authority. The relationship between power and ideas takes a third turn here, where ideas are still understood as conferring the ability to act but this time in contestation of embedded practices. Alternative frameworks of ideas can challenge dominant ideas and embedded institutions, often at times of perceived crisis, by pointing out problems and the failure of existing institutions to address these problems (Béland 2009; Blyth 2002; Hay 2001; Widmaier et al. 2007). In the instance that alternative understandings of a policy area are successful in contesting existing practices and arguing for change, then they also provide solutions in the form of new policy objectives and instruments (Hall 1993). Different frameworks imply, therefore, different interpretations of the policy area as well as alternative methods of governance.

As suggested in the introduction to this article, some current explanations of the significant deterioration in EU–Russia energy relations blame the resurgence of resource nationalism in Russia, and in this way the problem lies with Russia (Correlje and van der Linde 2006; Erixon 2008; Noël 2013; Smith 2010). Since the early to mid 2000s, Russia’s energy policy has been
restructured, based on an alternative set of ideas about energy, its important socioeconomic role and how it should be governed, and partly in response to the perceived problem of asset stripping by oligarchs (Locatelli 2006). In that natural resources are interpreted not as replaceable commodities but as national, strategic assets, they are understood, if managed correctly, as capable of playing a central role in Russia’s economic and political recovery (Ministry of Energy of the Russian Federation 2010). Russia has, therefore, made arrangements for the state to resume a higher degree of control over the energy system and restrictions have been placed on non-Russian investments in and ownership of Russian energy assets (Locatelli 2006: 1082). These changing energy governance practices have taken place within a context wherein wide sections of Russian society consider that Western ideas, and recommended forms of governance, work neither in nor for Russia (see Zimmerman 2002). This does mark a quite significant contrast between Russian and EU perceptions of how energy should be governed, and suggests that ideas have informed changes in how Russia manages its material assets.

In terms of understanding EU–Russia relations, however, what is equally important is the internal challenge to embedded market liberal ideas ongoing within the EU and this arguably makes EU energy policy part of the problem. In the field of EU energy policy, not one but two alternative frameworks of ideas, informed by geopolitics and climate change, have, since the late 1990s, been gaining credibility and challenging the dominance of market liberal norms. In times of growing contestation from alternative sets of ideas, agreement on how to proceed politically can become problematic and higher levels of uncertainty about what to do tend to persist (Haugaard 2000: 70). This implies an inverse position to the second ideas–power relationship outlined above, where an accepted and embedded framework of ideas underpins knowledge authority, continuity and predictability of policy.

EU–RUSSIA ENERGY RELATIONS REINTERPRETED

This section substantiates the claim that geopolitical and climate ideas have been growing in credibility within EU energy circles and outlines what each perspective has to say about how energy should be governed. Internal contestation, within the context of potentially dwindling knowledge authority in energy, is offered here as an alternative explanation for the deterioration in EU–Russia energy relations and in the EU’s abilities to be influential.

Geopolitical ideas and EU energy policy

The EU, like many positivist and rationalist scholars, reacted negatively to resurgent Russian resource nationalism and associated policy changes (European Files 2011). In particular, EU attempts to build free and fair markets underpinned by the rule of law are understood to have been set back by Russia’s refusal ultimately to ratify the all-important ECT (EC 2006). This negative reaction can be better
understood in relation to the EU’s position as a market liberal actor and the understanding that energy security is an outcome of successful liberalization and marketization. The 2008 energy security and solidarity action plan served as yet another statement of the need to ‘facilitate the reform and liberalisation of the energy market in Russia’, as if Russian changing views on energy governance were of no significance; a response arguably constrained by embedded market liberal ideas (EC 2008a: 15). Russia is, however, not the only country currently pursuing a more state led approach to energy governance and international relations: there has been a growing degree of direct state involvement in energy markets and diplomacy in China, India, Argentina and Venezuela (Goldthau 2012; see also Kuzemko 2013; Umbach 2010). A preference has been re-emerging for energy companies, particularly oil and gas, to be state owned; so much so that national oil companies (NOCs) now control access to over 80 per cent of the world’s proven oil reserves (Myers Jaffe and Soligo 2010: 107). Within this context the EU starts to look somewhat isolated on its stated energy foreign policy course and less well equipped to influence energy negotiations in a market liberal direction. What might emerge as important, in this instance, is for the EU to develop the ability to comprehend, for example, Russian actions on their terms in order to more successfully negotiate going forward (see Krastev et al. 2009).

A more complex, and somewhat ironic, view of pejorative interpretations of resource nationalism starts to emerge by moving beyond a simple conceptualization of the EU as a market liberal actor in energy. Geopolitical notions increasingly influence EU energy policy, stemming partly from a different interpretation of energy. In strict contrast to market liberal arguments that energy is essentially a traded good, recent EU energy documents have taken a position, not dissimilar to Russia, that highlights energy’s role in powering modern economies (DG Energy 2011: 27; EC 2011a: 5, 2011b: 2). The current EC Commissioner for Energy has claimed that ‘[e]nergy is the life-blood of our societies. The wellbeing of our people, industry and economy depends on safe, secure, sustainable and affordable energy’ (Oettinger, in DG Energy 2011: 29). Following this re-emphasis on energy as core to socioeconomic existence, energy supply security has been foregrounded not as an outcome of marketization but as one of the three ‘pillars’ of energy policy.

The geopolitical perspective emphasizes the geographically fixed and finite nature of energy resources within a world of competing sovereign states, tending towards traditional associations of possession of resources with power, albeit of a more coercive and relational nature (Hadfield 2008a; Umbach 2010). Under such an interpretation the EU’s position as importer of energy, in particular of Russian gas, starts to appear precarious: ‘in the energy sector uncertainties and weaknesses appeared in a more alarming light, like […] the unavoidable strengthening of the European Union’s energy dependency, mainly on the Russian Federation and the Persian Gulf’ (European Files 2011: 3). This marks a reconceptualization of energy security, in that it is no
longer assumed that markets or market instruments will deliver it; the EU has started to pursue a more interventionist role in ensuring its delivery.

Furthermore, from a geopolitical perspective a ‘soft’ foreign policy starts to appear less than adequate to ensure secure supplies from abroad. A classic example of this is the direct political and financial support that the EU has put behind the construction of the Nabucco pipeline to bring gas from the Caspian Basin to Europe, whilst avoiding crossing Russian territories (Buchan 2010; Hadfield 2008b; Youngs 2009). Both the planned route, specifically bypassing Russia, and the EU’s methods of achieving it arguably reflect a geopolitical interpretation of energy transit and a preference for direct market intervention to decide which routes are built. The degree of EU involvement in Nabucco and growing Commission investments in other forms of infrastructure attest to a growing sense that markets are not delivering energy security and that the EU must intervene directly, financially and politically, and not just through the application of market based instruments (see also Buchan 2010: 412–13).

It can be claimed, therefore, that the increasing prevalence of geopolitical perspectives on energy has challenged market liberal notions of energy security and how it can be achieved with a degree of success. Questions arise here, however, about the EU’s ability to apply knowledge authority. Given that the EU is now pursuing some geopolitically informed objectives and policy instruments, it makes continuing to set the terms of international negotiations based on one set of rules problematic. The irony, and from their perspective hypocrisy, of EU market interventions have not been lost on Russia and this has further underpinned a sense of conflict, especially given EU attempts to encourage energy market liberalization in Russia (Hadfield 2008b).

**Market liberal or power political integration?**

Geopolitical ideas can be seen here to have had one further impact on EU energy policy. Since the 2006 Russia–Ukraine gas transit dispute, various EU actors have strategically appealed to geopolitical ideas about energy as vital and powerful, and about supplies as being threatened, to underpin arguments for more collective EU action in order to rebalance relations with Russia (DG Energy 2011: 27; EC 2006: 105, see also Hadfield 2008a: 241; Neuman 2010: 342). The heat has been turned up on efforts to integrate European gas and electricity markets, for example recent claims that ‘the time has now come for energy policy to become truly European’ (EC 2010a: 4). Notions of ‘us’, market liberal EU, versus ‘them’, unreliable, resource nationalist Russia, have been used to politicize energy at the EU level (DG Energy 2012; European Files 2011). This has elements of a securitizing narrative in that it also serves to further reinforce notions of fear about the EU’s supply security. By openly and strategically presenting an argument that Russia was willing and able to threaten supplies, EU actors may have been appealing to popular ideas about energy as a source of material power and to longstanding Cold War narratives (Kuzemko 2013: 129–31). At the same time, however, by reiterating such notions EU officials were, perhaps
inadvertently, agreeing that these ideas still hold a high degree of legitimacy. This position was presented as a reason for energy solidarity at the EU level but at the same time it also, ironically, served to further undermine the EU’s perceived bargaining position with Russia (Neuman 2010: 343). The more that it was believed that Russia was indeed capable of utilizing natural resources in order to become influential internationally, the more this may have allowed Russia to credibly present itself as an energy superpower. In this way genuinely held normative beliefs, and the strategic appeal to these ideas in order to underpin solidarity, have become self-reinforcing.

There are further contradictions implied within the use of geopolitical ideas about energy and Russia to underpin an integrated, market liberal energy policy for Europe. Although attempts to politicize energy at the EU level have finally resulted in new institutions, such as DG Energy and the Energy Title of the Lisbon Treaty (Tosun and Solorio 2011: 5), they have at the same time re-enforced notions of national energy sovereignty (McGowan 2008: 102; Natorski and Surrallés 2008: 84). For example, although the Lisbon Treaty includes the first EU Energy Article, indicating progress towards collective energy action, it also acknowledges the importance of national sovereignty. Article 194 states that collective measures to ensure the functioning of the internal market ‘shall not affect a Member State’s right to determine the conditions for exploiting its energy resources, its choice between different energy sources and the general structure of its energy supply’ (EC 2010b: 135).

EU enlargement eastwards has also reinforced notions of sovereign action in energy as well as of Russia as ‘other’: Russia becomes an object of foreign policy strategy rather than a partner in a co-operation framework (Neuman 2010: 342). Differing perceptions of Russia and energy, often based on historical relations and dependencies, have fuelled disagreements about EU energy policy. In the late 2000s, at a time of transit disputes and escalating energy prices, internal pressure mounted from a number of FSU countries to reduce dependence on Russia, whilst other countries, Italy and Germany for example, were happy to continue to sign large new bilateral energy deals with Russia. What is important is that some countries, in particular Poland and Latvia, appeared more keen to utilize EU integration in order to play geopolitical power politics, and less out of a belief in liberalized and competitive markets (see Raszewskii 2012). This served to further alienate Russia, but it also suggests that some motivations behind EU solidarity were becoming as much about power struggles with Russia as on the benefits of liberal markets in underpinning energy security.

Russia has not been blind to the opportunity presented by this disunity, not least in that it considers the EU unable to speak fully on behalf of its members (Aalto 2012: 2). In an open challenge to the EU’s desire to act in unison in negotiations with Russia, Russia has been acting as a classical power that ‘feels more comfortable dealing with other “Great Powers” like France, Italy, Germany and even the UK’ (David et al. 2011: 184). This suggests that a geopoliticization of energy is weakening the EU’s bilateral position in relation to
Russia as well as solidarity in energy, because the geopolitical emphasis *per se* speaks to and empowers individual countries over the EU as well as emphasizing dependencies and vulnerabilities.

**Climate change ideas, complexity and tensions**

An analysis of energy policy as informed increasingly by contestation between market liberal and geopolitical ideas heavily underplays the growing influence of climate ideas that challenge both market liberal and geopolitical notions of energy governance and relations. By analysing energy policy in its entirety, however, we can identify a third reason for its existence: as a method of achieving climate change mitigation objectives. Although EU energy policy documents have acknowledged significant energy market failure with relation to climate change (EC 2007: 3), the main emphasis at the EU level has been on the use of market instruments, especially since 2005, on the Emissions Trading Scheme (ETS) (EC 2010a). This application of market liberal solutions to achieve climate objectives can be understood within the context of a broader ‘compromise of liberal environmentalism’ (Bernstein 2001). However, other, more radical, climate narratives also persist within the EU, which call for a ‘post-industrial’ revolution to secure transition to a sustainable energy future (EC 2007: 2). The climate perspective is increasingly critical of market liberal tendencies to understand energy as a replaceable commodity and of the application of market based solutions. The argument runs that as ‘take-up of new technologies is [...] hampered by the commoditisation of energy [...] public intervention to support energy innovation is [...] both necessary and justified’ (EC 2007: 3). This perspective argues, therefore, that political change in the form of increased public involvement is vital, but also that climate change mitigation should become the primary objective of energy policy (EC 2007, 2008b; EEA 2005).

Institutionally, the EU has over the past decade or so had a greater competence over environmental issues, such as climate change and sustainable development, particularly in comparison to its historically weaker competencies in energy (Aalto 2012: 13; Hadfield 2008b: 323). The more critical climate perspective has, furthermore, had a growing degree of influence over energy policy, partly as an outcome of the programme of climate policy integration into energy policy and partly as a result of growing climate policy failure (Buchan 2013; Dupont and Oberthür 2012). Meeting 2°C warming limits is understood to require an almost complete decarbonization of the energy sector (EC 2011d: 5), and meeting 20/20/20 climate targets for many implies radical energy policy change. This is not least because critical climate actors can increasingly point to disappointing EU energy efficiency and other statistics to argue for greater intervention to secure energy practice change (Coalition for Energy Savings 2013; EC 2010a: 3).
What is important to note is that the increasingly critical influence of climate perspectives has added a further layer of complexity to the processes of EU energy policymaking and infers an even more internally conflicted policy arena. Recent analysis points to growing contradictions between climate, security and competition objectives; the explanation here is that this can partly be explained by the degree to which these three sets of ideas about energy policy differ (Buchan 2013; Froggatt et al. 2013). For example, although Article 194 of the Lisbon Treaty states that individual states have full rights to determine their energy mix, the percentage of renewable energy is decided at EU level (EC 2010b), signifying that EU renewable energy targets trump national sovereignty. Climate scholars argue that the EU, by assisting in the construction of new gas pipelines into Europe, is creating a situation of ‘lock in’ to the usage of fossil fuels (Dupont and Oberthür 2012), whereby geopolitics trumps climate change. Challenges to market liberal ideas have succeeded in altering EU energy policy, but not in a single, coherent direction.

In terms of EU–Russia relations, however, the impact of climate ideas within energy policy is mixed. Some suggest that experience gained through pursuing climate objectives in Europe may have a positive impact, especially if Europe can, as it claims, establish itself as a knowledge leader in this area (Carter 2010: 59). This is relevant to the extent that Russia is genuinely interested in pursuing energy efficiency and new technologies (Demakova and Godzimirski 2012), but also to the extent that climate change ideas might genuinely underpin new knowledge. Recent energy negotiations have emphasized energy efficiency co-operation: the 2011 ‘Common Understanding on EU-Russia Energy Cooperation’ contains a clause on long term co-operation on efficient energy technologies (EC 2011c: 2), and the ‘EU-Russia Partnership for Modernisation’ contains joint projects on clean and efficient technologies, research and innovation (EU 2010). As such, the EU may be able to become more influential again, but this time based on different sets of ideas about and expertise gained in relation to renewable energy and energy efficiency (see DG Energy 2011; EC 2011c, see also Vatansever 2010). The EU, for its part, is interested in Russian decarbonization and should continue to be prepared to help facilitate this (Aalto 2012).

One further aspect of EU climate policies is that, to the extent that the EU is successful in creating a low or no carbon economy, they may allow it to become completely independent of the need to import fossil fuels. It is often argued that measures taken in order to mitigate for climate change, like boosting renewable capabilities and energy efficiency, can also be deployed in the achievement of EU energy security, understood in geopolitical terms as greater independence from imports (Ecofys 2009: 5; IEA 2007). By contrast for Russian energy security, perceived as security of demand for its fossil fuel exports, a projected future within which its largest export market disappears is clearly disastrous (Demakova and Godzimirski 2012: 156). This has complicated questions of where Russia should invest in terms of transit infrastructure going forward, and the response has been to invest in diversification eastwards, but also of how much
to invest in gas exploration and production and where (Dickel and Westphal 2012). The important, but again highly problematic, question for EU–Russia energy relations is therefore how the EU manages to balance short to medium term reliance on gas imports from Russia with a long term message of low or no demand.

CONCLUSION

There are three main conclusions here. Firstly, in conceptual terms, ideas have been shown to be important explanatory variables in revealing aspects of EU–Russia energy relations. This has taken us beyond materialist explanations of deteriorating relations based on Russia having resource assets and the EU being an importer, and rationalist explanations of conflict based on incorrect Russian reforms. By emphasizing the ability of different frameworks of ideas to influence policy in variable ways, this article has been able to explain why ideas matter to energy policy and within EU–Russian relations. By considering ideas as explanatory variables, Russian energy governance changes emerge not just because of superior fossil fuel assets and power politics but also because of embedded ideas about energy’s socioeconomic role. It has been possible to elucidate what ideas matter within the EU by explaining how geopolitical and climate perspectives interpret energy and what kinds of policy objectives and instruments they infer. By doing so this article has been able to point towards a direction for EU energy policy that is neither market liberal nor geopolitical nor environmental and, as such, to a diminishing ability to lay claim to one legitimate, proven form of superior knowledge. This study of the different ongoing strands of energy policy has also highlighted a range of tensions inherent within EU energy institutions. It might be possible to reconcile some of these tensions, but what would first need to occur is greater acknowledgement of this variety of ideas in order to fully understand how the pursuit of multiple objectives impacts upon energy policy and relations (see also Aalto 2012).

Secondly, by broadening the analytical lens to focus on EU energy policy as a whole, and on the variety of ideas informing it, it has been possible to interpret problems within EU–Russia relations in a different light. Given that the EU also sometimes perceives its energy security in a geopolitical manner and acts accordingly, it becomes harder to label Russian geopolitics as ‘wrong’. What might assist in improving relations, therefore, is a more profound understanding of the full range of motivations for state led energy policy in Russia.

Lastly, it is claimed here that the higher degree of contestation of market liberal energy within the EU places it in an awkward position on many fronts. Differences between stated EU principles and identity, related to market liberal governance, and current interventions in energy markets for climate and geopolitical reasons suggest that the EU is a divided actor in energy. This has not gone unnoticed externally and Russia actively utilizes divisions to undermine the EU’s negotiating position. Within the context of
ongoing economic crises, questions about financial governance and of growing state led energy governance in Russia, China and other countries, EU energy policy contradictions infer the possibility of a reorienting of state–market relations. Also given the scale of the climate problem, and growing recognition of climate policy failure, the solution might well point towards less markets and an institutionalization of greater public involvement.

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