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# ENERGY SECURITY THROUGH MEMBERSHIP IN NATO AND THE EU: INTERESTS AND ACHIEVEMENTS OF LITHUANIA

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## *Abstract*

Lithuania's energy security is inseparable from the country's membership in the EU and NATO. As a small state with little domestic resources and almost completely dependent on external suppliers, Lithuania is very interested in multilateral energy cooperation. Therefore the first part of this article is an overview of the development of the EU's common energy policy's external dimension and NATO energy initiatives. We present a chronological outline of the most important developments, distinguish the main goals, problems and possible solutions. The second part of the article explores Lithuania's interests and achievements in creating the EU Common Energy Policy and formulating a NATO energy strategy. The focus is on Lithuania's achievements and failures during the EU Presidency, also on the importance of the NATO Energy Security Centre of Excellence<sup>1</sup> and its possible impact on energy security<sup>1</sup>.

## **Introduction**

According to the data of the International Maritime Bureau, in the first half of 2011 there were 266 pirate attacks. This is 36 percent more than during the same period in 2010. The majority of incidents were reported off the coasts of Somalia and Yemen – waters of probably the most intensive oil tanker movement in the world<sup>2</sup>. On the other hand, neither this nor any other energy security challenges are new to EU Member States: ensuring supply or demand, reliability of

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<sup>1</sup> This article was written as a part of the research project "Lithuanian Foreign Policy since 2004: Between Stability and Change" conducted by Vilnius University. The research was funded by a grant (No. MIP-012/2013) from the Research Council of Lithuania

<sup>2</sup> Brigita Kupstaityte, "Setting databases – another way to prevent attacks against the energy infrastructure". *Energy security: operational highlights. NATO Energy security Centre of excellence*, 2013. P.1 4.

external suppliers, physical protection of infrastructure, and supranational energy policy dilemmas have been known for more than half a century<sup>3</sup>. Despite this, development of a common EU energy policy (hereinafter – CEP) began only in 2005–2006: up to then, issues of energy have been attributed to the competence of environmental protection, competitiveness, trade, common market and other “common” EU policies. The resolution to create the CEP was motivated by a number of factors: EU expansion and the interests of the new Member States, more common disruptions in the supply of energy resources, growing global competition for resources, the acknowledged need to more effectively encourage energy saving and development of renewable energy resources (hereinafter – RER) and finally – the search for a new EU integration “engine”. All this just in a few years allowed the EU CEP to become one of the most dynamically developing directions in EU integration.

Now B. Nowak (2010) proposes to distinguish two main EU CEP dimensions: internal – related to the development of a common market and competitiveness, and external – related to ensuring the supply of energy resources from third countries<sup>4</sup>. So far the external dimension of the EU’s common energy policy is in the stage of debates and negotiations, however, there are indications of some progress in this area: the EU collaborates with NATO and TATENA, Brazil, China, India, Iraq, Norway, South Africa, Russia, Ukraine, OPEC countries and the USA regarding energy issues, energy aspects are also discussed in the agreements concerning the action plan of the European Neighborhood Policy (ENP), in the agreements of association or collaboration; non-committal agreements (MoU) in the energy domain have been signed with Azerbaijan, Turkmenistan, Iraq, Kazakhstan and Ukraine. As concerns regarding energy resource supply are becoming an integral part of security policy, certain decisions have already been made at a supranational level by following other principles of creating and implementing a common foreign and security policy (CFSP)<sup>5</sup>.

In 2006 issues of energy security finally made their way into the NATO agenda. As it often happens, the way for political consultations and discussions on the subject of energy in the Alliance was paved by dangerous tendencies in the strategic environment: namely, 2005 marked the beginning of rather noticeable

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<sup>3</sup> Dimitrios Triantaphyllou, “Energy Security and Common Foreign and Security Policy: The Wider Black Sea Area Context”, *Southeast European and Black Sea Studies*, No.7 Issue 2, 2007, p. 289.

<sup>4</sup> Bartłomiej Nowak, “Forging the External Dimension of the Energy Policy of the European Union”, *The Electricity Journal*, Vol. 23, Issue 1, 2010, p 57.

<sup>5</sup> Op. Cit. Triantaphyllou D. p. 290

disputes between Russia and Ukraine over gas transit that are still relevant in terms of security of self-supply of energy resources among Alliance members. Before that energy issues have been solved on a technical level, i.e., they have been discussed in the context of logistics, fuel supply and have not been included in the NATO political agenda. However, NATO's Strategic Concept of 1999 already includes a sentence addressing energy security issues: it is stated in the document that energy supply disruptions pose a threat to NATO members. The document did not specify the details of possible NATO actions, though joint consultations and a collective response were indicated as possible measures. This gave birth to one more important EU and NATO partnership direction – ensuring energy security by developing Euro-Atlantic relations with non-EE and non-NATO countries.

The objective of this article is to give an overview of the development of the EU CEP external dimension and NATO energy security initiatives, and to identify Lithuanian interests in this context. This article makes the assumption that Lithuania is interested not only in expanding and reinforcing the EU CEP external dimension, but also NATO's involvement in the issues of energy security. Thus by evaluating the success or failure of fulfilling Lithuanian interests in this context, the focus is on to what extent objectives relating to external Lithuanian energy policy were incorporated in the EU and NATO documents, some of which became norms, laws, commitments or initiated other fundamental decisions. Results of this research serve as a basis for proposals regarding further Lithuanian efforts in fostering united EU and NATO actions in different areas of energy security.

## **1. Legal development of the EU CEP external dimension**

The Single European Act, and the Treaties of Maastricht, Amsterdam and Nice have not established any supranational mechanisms in the energy domain<sup>6</sup>. However, in the sixties and seventies there was some effort by the EC to deal with the issue of energy security on a supranational level: e.g., in 1968 the EC introduced the Community Energy Policy<sup>7</sup>, in which dependence on external suppliers was identified as a “dangerous tendency”, it was proposed to create a common EU energy market and diversify suppliers. Yet at that time energy prices were relatively

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<sup>6</sup> Sami Andoura, Leigh Hancher, Marc Van Der Woude, *Towards a European Energy Community: A Policy Proposal*, Notre Europe, 2010, p. 7.

<sup>7</sup> Secretariat-General of the Commission of the European Communities, *First Guidelines for a Community Energy Policy*, 1968, <<http://aei.pitt.edu/5134/1/5134.pdf>>, 23 06 2014

reasonable and supply was adequate and without disruptions, so those suggestions by the Commission were ignored. Therefore, EU energy security has developed mainly as a response to crises, such as the Suez Crisis in 1956, the Six-Day War in 1967, the oil embargo in 1973, and the Iranian Revolution in 1979.

It was not until 2007 that EU countries began to search for ways of how to compensate the growing dependency in the sector of fossil fuels and associated risks by effective diplomatic, political and economic means. It is worth noting that despite dominant contrary opinion about Germany, the most important binding documents regulating Member State integration in the energy sector were adopted in the term of its presidency (i.e., in the first half of 2007). This also applies to the first EC initiatives, for instance, the document regarding the Strategic Energy Review (“The EU Strategic Energy Review. Driving Investment in Clean and Secure Energy”). Namely on the basis of this document, on 8–9 March 2007, the European Council adopted the 2007–2009 action plan of the Council of Europe – “An Energy Policy for Europe”<sup>8</sup>, by means of which Member States were encouraged to increase diversity of energy resources and supply routes, competitiveness in the internal energy market and to create more effective responses to crises mechanisms, grounded on partnership inside the EU.

Later, on 13 November 2008, the EC adopted “An EU Energy Security and Solidarity Action Plan: Second Strategic Energy Review”<sup>9</sup>. This document covers the strategy of relations with external players and introduces a fundamental notion that “speaking with one voice” is essential in seeking pragmatic cooperation with energy suppliers and transit countries. On the other hand, even until 2009 the approach has prevailed that reliable resource supply should be founded not on negotiations of supranational EU institutions with suppliers, but on an effectively functioning common EU internal market. Because of this approach the EU Council retained the main competencies of shaping external energy policy<sup>10</sup> – the power of the EC was limited. The situation changed after a gas supply crisis in 2009, when the EC proposed to expand its powers and to hold to the principle of “solidarity”

<sup>8</sup> Communication from the Commission to the European Council and the European Parliament, *An Energy Policy for Europe*, 2007, <[http://ec.europa.eu/energy/energy\\_policy/doc/01\\_energy\\_policy\\_for\\_europe\\_en.pdf](http://ec.europa.eu/energy/energy_policy/doc/01_energy_policy_for_europe_en.pdf)>, 23 06 2014

<sup>9</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, *An EU Energy Security and Solidarity Action Plan*, 2008, <[http://www.aie.eu/files/Directives\\_EU/strategic\\_energy\\_review\\_communication\\_EN.pdf](http://www.aie.eu/files/Directives_EU/strategic_energy_review_communication_EN.pdf)>, 23 06 2014

<sup>10</sup> Tomas Maltby, “European Union energy policy integration: A case of European Commission policy entrepreneurship and increasing supranationalism”, *Energy Policy*, 2013, p. 6.

in dealing with external suppliers. Member States agreed on this matter and this enabled the Commission to prepare a Regulation on the Security of Gas Supply in the Internal Market, which was adopted by the EP and Council in 2010. When the Third Energy Package (TEP)<sup>11</sup> prepared by the EC was adopted in 2009, this paved the way for new electricity and gas suppliers to enter the EU market.

In February of 2010 the EU Council prepared an overview of the EU energy policy dimension in which it was noted that because of the growing dependency on imported energy resources and other important reasons, the EU must use its advantages and strengthen the external dimension of the common energy policy. The EC was one of the most active institutions in shaping the EU CEP, however after being deprived of the authority to create the EU CEP external dimension directly, the EC chose an alternative path to achieve this goal. For example, after the adoption of Regulation No 994/2010 *concerning measures to safeguard security of gas supply* of 20 October 2010<sup>12</sup> and after establishing mandatory requirements for gas supply infrastructure, countries were obliged to ensure that in case of gas supply disruptions in the main infrastructure, the technical capabilities of the remaining infrastructure would be adequate to supply for a maximum daily gas demand. The Communication of 17 November 2010 – *Energy infrastructure priorities for 2020 and beyond – A Blueprint for an integrated European energy network*<sup>13</sup> – proposed a way to achieve this: focus is on the imperative to prepare a new EU energy infrastructure policy that should coordinate development of energy networks at a European level, establish the most appropriate model, etc.

In 2011 the EC was for the first time granted authority to negotiate with Azerbaijan and Turkmenistan regarding the building of the Trans-Caspian gas pipeline, while in 2012 it received the opportunity to negotiate with Russia and Belarus regarding disconnection of the Baltic States' electrical energy system and market. The EC Communication of 2011 and following conclusions of the EU Council: "The EU Energy Policy: Engaging with Partners beyond Our Borders" proposed ways on how to mitigate some possible outcomes by employing instruments of the EU CEP external dimension: shortly after, an EC mechanism dedicated to informing about the planned bilateral agreements with non EU

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<sup>11</sup> *Third Package for Electricity and Gas Markets*, 2007, <[http://ec.europa.eu/energy/gas\\_electricity/legislation/third\\_legislative\\_package\\_en.htm](http://ec.europa.eu/energy/gas_electricity/legislation/third_legislative_package_en.htm)>, 29 06 2014

<sup>12</sup> Regulation (EU) no 994/2010 of the European Parliament and of the Council, *Concerning Measures to Safeguard Security of Gas Supply*, 2010, <<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32010R0994&from=EN>>, 29 06 2014

<sup>13</sup> The Communication from the Commission, *Energy infrastructure priorities for 2020 and beyond*, 2011, <[http://ec.europa.eu/energy/infrastructure/strategy/2020\\_en.htm](http://ec.europa.eu/energy/infrastructure/strategy/2020_en.htm)>, 03 07 2014

members regarding supply and transportation of energy resources was introduced. Member States were offered legal support in negotiating decisions, directly related to internal market legislation. Neighbouring countries were encouraged to adopt EU energy market regulations. Thus, although the EC's role in the area of the EU CEP external dimension still cannot be compared with its influence in other areas of common market regulation, the EC has become an important power center, supervising EU relations with key suppliers of energy resources.

## **2. Reinforcing the EU CEP external dimension: goals, challenges, solutions**

One of the essential goals of the EU CEP external dimension is to enhance supply security by diversifying energy resources, their supply routes and suppliers themselves. Although Member States are not in dispute over the importance of the EU CEP external dimension, it must be admitted that its development is still very slow. This is mainly caused by two reasons: 1) problematic relationships with external suppliers (especially Russia), caused by their reluctance to follow EU energy *acquis communautaires*; 2) lack of solidarity inside the EU as bilateral agreements are prioritized over a collective position of the whole Union which leads to reluctance or inability to coordinate all EU external policy initiatives. Successful development of the EU CEP external dimension is hardly possible if these problems are not solved. Therefore, further follows a discussion of those challenges as well as possible solutions.

Energy *acquis communautaires* could be expanded by the Energy Charter Treaty (ECT), Energy Community Treaty, EU Neighbourhood Policy, partnership and cooperation associations, free-trade and other agreements with EU partner countries. Some of the most important regions for the EU in this context are Middle East, North Africa and Caspian Sea regions that are rich in natural resources, as well as the Balkans, Eastern Europe, South Caucasus and Turkey, valuable in terms of the transportation of energy resources. As regards legally binding agreements with EU partners, the Energy Community Treaty plays a substantial role: its primary objective has been to create a regional energy market between the EU and the Balkans, later on this goal was expanded to Moldova, Ukraine and Georgia. This agreement obliged newly accessing countries to gradually adopt the EU legal base in the areas of energy, environmental protection, renewable energy and competition. It should be noted that expansion of the EU energy *acquis* beyond the Community

boundaries faces an essential problem of differing attitudes and interests, where Russia plays a substantial role. This doesn't come as a surprise: F. Umbrach claims that transposition of the EU's common energy market regulations beyond the EU would substantially undermine Russia's monopolistic position and contribute to lowering the price of natural gas<sup>14</sup>.

Member State solidarity in relation to agreements with suppliers concerning quantities, prices, transportation means and conditions is a completely different case. One of the fundamental challenges in this context lies in the divergent member state attitudes towards the relationship with Russia – the largest natural gas exporter and the second largest oil exporter to the EU. The ECT's envisioned liberalization of the energy market, opening of supply networks and admitting foreign investors contradicts Russian strategic goals in the energy sector<sup>15</sup>. Therefore Russia is more inclined to base energy relations on bilateral agreements between countries rather than on the principle of multilateralism.<sup>16</sup> Moreover, the dialogue between the EU and Russia regarding energy is impeded by the position in the area of energy security in terms of values: there are divergent visions as to what the energy market should be like and what should be the structure of the natural gas sector. But the worst thing is that there is no agreement inside the EU regarding collective response to these tactics coming from Moscow. Though many CEE countries encourage a prompt reduction on dependence on Russian energy resources, to ground the relations with third country suppliers on the export of their *acquis communautaire* and use it as a basis for creating a common regulatory system (standards, regulations, etc.), even in the face of a military crisis in Ukraine, some Western countries still pursue to maintain an intensive bilateral energy relationship with this country.

In B. Nowak's opinion, another issue arising from the lack of solidarity lies in the reluctance of Member States (especially the great powers) to relegate to EU institutions negotiations with energy resource suppliers: long-term bilateral contracts are signed between external suppliers and separate EU countries, and not the EC<sup>17</sup> (e.g., the North Stream project was an agreement between Germany and

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<sup>14</sup> Frank Umbach, "Global energy security and the implications for the EU", *Energy Policy*, Vol. 38, 2010, p. 1237.

<sup>15</sup> Oil and natural gas are one of the key instruments of Russia for reinforcing its authority in the region and trying to recover its superpower status. Since the state controls almost all Russian energy resources, they are rather openly used as a means of political pressure.

<sup>16</sup> Sadek Boursena, Catherine Loctelli, "Energy institutional and organizational changes in EU and Russia: Revisiting gas relations", *Energy Policy*, 2013, p. 2.

<sup>17</sup> Op. cit. Nowak, B., p. 64.

Russia, South Stream – between Italy, Bulgaria and Russia, various liquefied gas deals have been made between France, Spain and Algeria). Although it is clear that the negotiating position of companies from the EU's small powers is substantially worse, the great powers' companies are not inclined to invest in unprofitable, usually politically biased projects or initiatives that would strengthen not their energy security, but that of the small powers. In other words, German, French and Italian energy companies that already have access to Russian energy resources, have no interest to pass on their negotiating competencies to EU institutions, for instance, the EC<sup>18</sup>.

On the other hand, this does not mean that the EU's small powers have given up and do nothing to reinforce the role of supranational institutions. In the EC Communicate of 2011 – “EU Energy Policy: Engaging with Partners beyond Our Borders”<sup>19</sup> – it is mostly to their credit that the first specific instruments for increasing solidarity were successfully adopted: information exchange and legal support to the members negotiating energy resources. The EC achieved that those Member State agreements with third countries that might have a significant impact on the development of EU energy infrastructure and energy supply, must entirely comply with EU legislation. This mechanism implies that before signing a bilateral agreement with any third country, every Member State should inform the Commission about it (in order to assess its compliance with EU law). It is especially important that Member States are obliged to inform about any bilateral agreements even before they are signed, which enables the Commission to influence ongoing negotiations and not just express its opinion about an already signed agreement<sup>20</sup>.

As regards the development of the EU CEP external dimension – in response to the need to reconcile EU CEP external dimension initiatives and other externally oriented common EU policies, the EC report “EU Energy Supply Security and Geopolitics”<sup>21</sup> has already attempted to consolidate the EU CFSP and CEP external dimension. For instance, this report states that the CFSP and external trade policy are fundamental instruments for ensuring the safety of the energy

<sup>18</sup> Arūnas Molis, “Rethinking EU-Russia energy relations: What do the Baltic States want?” SPES Policy Papers, 2011, p. 21.

<sup>19</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, *The EU Energy Policy: Engaging with Partners beyond Our Borders*, 2011, <<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011DC0539&from=EN>>, 03 07 2014

<sup>20</sup> Adelina Marini. A Single European Energy Policy.

<sup>21</sup> European Commission Report: *EU Energy Supply Security and Geopolitics*, 2008, <[http://ec.europa.eu/energy/gas\\_electricity/studies/doc/gas/2008\\_05\\_lng\\_facilities\\_part\\_2\\_task\\_a.pdf](http://ec.europa.eu/energy/gas_electricity/studies/doc/gas/2008_05_lng_facilities_part_2_task_a.pdf)>, 03 07 2014



resource supply. This seems the right time to remember lingering discussions about potential shale gas imports to the EU from the USA – the latter so far has been exporting its energy resources only to those countries with which it has free-trade agreements. Meanwhile, EU and USA negotiations regarding a Transatlantic Trade and Investment Agreement, also its extension into the EU-USA energy dialogue and the legal base for the export of USA shale gas to Europe seems to be stuck despite the deteriorating situation of supplier and carrier countries which have so far dominated EU markets.

There are different reasons for this draw back, such as American restrictions on foreign ownership in the shipping, energy, air and transport sectors, or different regulatory and tax systems in various states. Various EU Member States also impose a range of different, and very restrictive, policies and practices on foreign investors (e.g. films in France, stocks with differentiated voting rights in Germany and Sweden, the liquor monopoly in Sweden)<sup>22</sup>. However the main problem with the TTIP seems to be the lack of support from both state officials and the general public. One of the main TTIP opponents is the European environmental lobby. They have expressed misgivings that an agreement could open the door to an expansion of hydraulic fracturing (fracking) in Europe. In particular, there are concerns that EU states could soon find domestic laws subject to challenges in tribunals where national legislation has little weight<sup>23</sup>. A different business culture and opposing positions on some sensitive issues such as GMOs or the environment make TTIP negotiation very difficult.

Although the EC has identified problems, still little has changed in terms of improving relationships with suppliers, sustaining solidarity or coordinating EU external initiatives<sup>24</sup>. Despite active involvement of the Commission, supranational institutions still lack appreciable competencies for shaping the Union's energy policy; therefore the external dimension remains the least developed part of the EU CEP.

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<sup>22</sup> Leif Johan Eliasson, „Problems, progress, and prognosis: the Transatlantic Free Trade and Investment Agreement“, 2013, <[http://euce.org/eusa/2013/papers/7c\\_eliasson.pdf](http://euce.org/eusa/2013/papers/7c_eliasson.pdf)>, 04 11 2014

<sup>23</sup> Trevor Slack, „EU-US Free Trade Agreement Could Boost Gas Exports to Europe“, *Natural Gas Europe*, 2013, <<http://www.naturalgaseurope.com/eu-us-free-trade-agreement-gas-exports-to-europe>>, 04 11 2014

<sup>24</sup> Amelia Hadfield, “EU Foreign Energy Policy: In the Pipeline?” *CFSP Forum*, Vol.4, No.1, 2006, p. 2.

### 3. NATO's first steps towards energy

For a long time NATO members were convinced that the energy security issue would serve as a distracting factor in the agenda of Alliance committees and therefore might become an obstacle to perform NATO's functions of ensuring European security properly. Moreover, NATO members did not have a common vision of energy security, i.e., even countries that approved of NATO involvement had different energy security goals. Thirdly, some NATO members did not want the issue of energy security to be militarized, hoping that all challenges and disputes can and should be resolved without the involvement of the military block<sup>25</sup>. These fears were reflected in the assertions of the planned 2005 NATO forum on energy security issues that have never eventuated: back then it was claimed that NATO has no formal role or policy in the area of energy security and no intention to resort to military action in order to protect oil and gas infrastructure in the Caucasus or other regions.

However, the rise of attacks against energy infrastructure objects, usage of energy for the purposes of foreign policy, the growing demand of energy resources and limited supply, as well as NATO's expansion into Middle and Eastern European countries (1999 and 2004) and the favourable position of the USA has allowed consultations to begin about extending NATO's responsibilities. Even skeptics had to admit that the potential of NATO was huge: the Alliance includes North American as well as European countries (even those that are not part of the EU), it can employ political as well as military instruments of impact, and it has developed an effective mechanism of decision making, etc. After the 2006 energy crisis in Europe even those that had doubts were forced to admit that NATO must use its competencies and accumulated institutional experience for solving energy issues.

It was in 2006 when the Supreme Allied Commander in Europe (SACEUR) pointed out a connection between the Russian-Ukrainian dispute over gas supply and securing energy safety in the West. The same year NATO representatives declared that the Alliance was about to consider ways how it could contribute to securing the supply of energy resources<sup>26</sup>. Eventually, at the NATO summit (that

<sup>25</sup> Arūnas Molis, "NATO vaidmuo energetikoje: nuo vamzdynų iki strategijos", *Lietuva ir NATO: 10 metų kartu.*, LR Krašto apsaugos ministerija, 2014. p. 191-195 [Arūnas Molis, "NATO's role in the energy sector, from pipelines to strategy", *Lithuania and NATO: 10 years together.*, Lithuanian Ministry of Defence, 2014. p. 191-195]

<sup>26</sup> Op. Cit. Arūnas Molis, "NATO vaidmuo energetikoje: nuo vamzdynų iki strategijos", *Lietuva ir NATO: 10 metų kartu.*, LR Krašto apsaugos ministerija, 2014. p. 191-195 [Arūnas Molis, "NATO's

took place in Riga in October 2006) disruptions of the flow of energy resources were named as a threat to the security of NATO members. In 2007 more specific discussions relating to NATO involvement were started: NATO's potential role in the protection of critical energy infrastructure, integration of energy security policy into NATO policy, etc. In the summer of 2007, the North Atlantic Council adopted a resolution regarding minimum military requirements necessary to ensure protection of energy infrastructure objects.

After setting limits to NATO's involvement, protection of critical infrastructure work was started (by monitoring sea routes and carrying out anti-piracy operations). For instance, during the "Ocean Shield" operation from 2007 onwards, NATO ships patrol the Somali coast, the Niger Delta and by the Cape of Good Hope – places of former actual threat to energy infrastructure. In order to promote dialogue between NATO and its partners, there is actual cooperation with Ukraine, Azerbaijan and other countries, energy issues have been included in partnership formats: "Partnership for Peace" program, Istanbul Cooperation Initiative, and there has been an agreement to include issues of energy security into Azerbaijan's individual NATO membership action plan, etc.

A particularly important step in explaining, protecting and defining NATO's role in energy security was made at the NATO Bucharest Summit in April 2008<sup>27</sup>. There, NATO members finally came to an agreement on specific roles the Alliance could take to ensure energy security. These included sharing of information and intelligence, maintenance of stability, international and regional cooperation, and support for the security of strategic energy objects. In two years at the Summit meeting in Lisbon, NATO adopted a new Strategic Concept that reflected not only the principal agreement to expand the Alliance's energy role, but also named yet another direction of NATO involvement – promotion of effective consumption of energy resources in NATO structures, missions and operations. The above-mentioned document also emphasized the necessity of uninterrupted energy resource supply and growing NATO military structures' dependence on energy resources.

It is especially important that the Chicago Summit identified and clearly defined (basically narrowed) the limits of NATO's involvement in energy issues – it was agreed to concentrate on the so-called operational energy security. This

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role in the energy sector, from pipelines to strategy", *Lithuania and NATO:10 years together.*, Lithuanian Ministry of Defence, 2014, p. 191-195]

<sup>27</sup> E. Rühle, "NATO and Energy Security: from Philosophy to Implementation", *Journal of Transatlantic Studies*, 2012, 10:4.

means that the Alliance will primary focus on effective, safe and relatively cheap fuel supply in operations, missions, exercises and other activities, that would not have a negative impact on military units' ability to perform their direct tasks<sup>28</sup>. Thus, energy efficiency has become one of the strategic goals of NATO, in addition to the need to strengthen critical energy infrastructure protection and to develop relations with partners. Alliance members clearly stated their willingness to reduce dependence on traditional kinds of fuel, to improve logistics of energy resources and to consider environmental factors.

Basically, one can distinguish two main dimensions in NATO's energy security initiatives – first concerning national energy security (protection of critical infrastructure, anti-piracy operations etc.), second – operational energy security (effective, safe and relatively cheap fuel supply in operations)<sup>29</sup>. In terms of evaluating achievements, it should be noted that after energy issues were included in NATO's agenda, this had an impact on its internal structural changes as well. For instance, the Emerging Security Challenges Division with an Energy Security Section within it was established in NATO's international headquarters in Brussels in 2010. After concentrating on decision-making and implementation mechanisms in these structural units, new visions of NATO's response to future security challenges and related documents are being prepared. Moreover, it is precisely the above-mentioned division that formulates NATO's essential needs in the domain of energy security training. The aim is to ensure that practically no NATO-level military exercise would go ahead without including energy factors into the exercise scenario. But for this to happen, certain documents should be prepared: policy strategies, concepts, doctrines, standards, operating procedures, etc. The Alliance still has much to do in this context. While waiting for a favourable political climate to start discussions regarding these documents, the powers of the Alliance, compared to the competencies of other international global or regional organizations, national governments or private companies, remain limited.

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<sup>28</sup> Arūnas Molis, "Energy in the military after the NATO summit meeting in Chicago" *Energy security highlights. NATO Energy security Centre of excellence*, 2012. P. 4.

<sup>29</sup> Op. Cit. Arūnas Molis, "Energy in the military after the NATO summit meeting in Chicago", *Energy security highlights. NATO Energy security Centre of excellence*, 2012. P. 5.

## **4. Goals and action strategy of Lithuania**

### **4.1. Activity of Lithuania in the context of the EU CEP external dimension**

Lithuanian interests, proposals and actions in the domain of the EU CEP external dimension are motivated by three fundamental groups of factors: 1) the country's energy isolation and associated objective to diversify suppliers of fossil fuels both for Lithuania and the whole EU; 2) the attitude of EU Member States to fundamental EU "values" in the economy domain, such as the common internal market, sustaining competitiveness, strengthening environmental requirements, solidarity, etc.; 3) an opportunity for Lithuania to actually contribute to the creation of the EU CEP external dimension by proposing specific initiatives and in this way enhancing Lithuania's role in EU institutions. Taking into account these circumstances, it follows the analysis and evaluation of the perspectives for realizing Lithuania's interests in the energy domain: what Lithuania should do and how it should act to fully or partially achieve the above-mentioned goals.

So, Lithuania has an interest in sustaining the supranationality principle in the domain of the EU CEP external dimension in order to ensure a reliable supply of electricity and fossil fuels from several alternative sources. First of all, this means expanding the EU's regulatory environment beyond the Community borders, creating a mechanism to respond to supply crises and developing infrastructure that would become a part of the common EU electricity and natural gas markets (this means necessary investments into new objects of energy import, production and transportation in the whole EU, unification of Lithuanian energy network and energy infrastructure networks of other EU countries, development of the legal environment inside the EU and in the neighborhood)<sup>30</sup>. It is good that key infrastructure development projects in this context are already identified in the principal EU documents: BEMIP (prepared by the EC) includes provisions to invest in the power link between Lithuania and Sweden ("NordBalt"), the electricity link between Lithuania and Poland ("LitPol Link"), a new nuclear plant, a liquefied natural gas terminal, and a gas link between Lithuania and Poland. Regarding projects that are not directly related to Lithuanian participation (such

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<sup>30</sup> *Study on the development of energy security dimension within EU common security and defence policy* accomplished by consulting firm ESTEP according to the contract with Lithuanian ministry of defence, ESTEP, 2012.

as the Southern Gas Corridor), they are also being included in the lists of the EU's political and energy priorities and their implementation is beginning, thanks to Lithuania and its partners. However, such issues as the inclusion of energy relationships with Russia in the CEP agenda, restricting Russian ambitions in the region and Europe, etc. remain unresolved.

During the term of its presidency, Lithuania faced an important tactical dilemma in this context – whether to go into already accomplished agreements, technical detail, coordinate relatively careful discussions, initiatives and proposals together with the EC, Member States and General Secretariat of the EU Council (in order to get the attention and to continue discussions after the presidency term) or to talk boldly and propose innovations reflecting the *zeitgeist* and present situation. Lithuania attempted to focus on collective action with its partners. First there have been attempts to engage and “attract” Germany, France, Great Britain or at least one of these countries to this process. France seemed an ideal partner as it used to emphasize the importance of solidarity between EU members in dealing with issues related to energy security. France and Lithuania shared common interests in the discussions about the legitimization of nuclear safety requirements and possible extension to the countries willing to export nuclear plant energy to the EU. Lithuania was also in favour of France's objective to expand the Energy Community Treaty to Eastern Europe and to set clear regulations in the domain of energy cooperation, which at least to some extent would reflect the provisions of the European Energy Charter.

Lithuania found its other strategic partners in EU institutions – the EC and General Secretariat of the EU Council. Cooperating with them during the term of its presidency, Vilnius prepared a non-paper for the discussion about the development of the EU CEP external dimension at an informal meeting of EU energy ministers (discussions on this issue lasted for 2 hours in Vilnius), also a non-paper on the subject of Russia for the meeting of the EC supervised Strategy work group dedicated to international cooperation in the energy domain. After these discussions, the EU Council's conclusions of 2011 regarding the EU CEP external dimension have been revised. Basically all EU Member States have approved of geographic and functional expansion and extension of the old Energy Community Treaty (ECT), about to expire in 2016 (it was extended for ten years in October 2013). And thanks to Lithuania, Member States have agreed to expand the regulatory domains of the Treaty not limited only to environmental protection, i.e., to incorporate instruments for regulating market and price policy, but also encompassing fair competition regulations. An opportunity was also created to

join more strategically important countries from the South Caucasus, Central Asia and MENA regions to the ECT. This might be considered an important achievement, as namely the ECT can become a model leading to EU and third country energy cooperation to become a legal obligation to create a Pan-European regulatory environment.

By emphasizing that energy collaboration between the EU and Russia is a complex process, embracing areas from energy resource diversification to nuclear energy safety standards, Lithuania demands to base this collaboration upon clear and stable regulations and agreements. During its presidency term it was identified in the non-papers, suggested for different EU Council formats (and later also adopted in official reports), that these regulations should be non-discriminating and uniform to all participants (the so-called “level playing field” principle was established). Attention has also been drawn to the fact, that the EU’s continued liberalization of internal energy market is seen by Russia as huge threat to Russian interests in the European natural gas market. Therefore, in order to prevent Russian manipulations, Lithuania has defended its goal not to separate energy collaboration with Russia from collaboration on other political domains, such as foreign and security policy, environmental protection, economic and competitiveness policy.

Tactics chosen by Vilnius have revived the already half-forgotten discussion (from two years ago), but no unexpected issues or initiatives were actually raised. It is worth noting that this was a conscious decision of a key institution in this context – the Ministry of Energy. For instance, the Lithuanian Ministry of National Defence organized broad discussions about energy factors in the context of CSDP development, expressed willingness to actively participate in the European Defence Agency projects “Military Green” and “Go Green” (i.e., to begin associating the EU CEP external dimension with the EU’s Common Security and Defence Policy (CSDP) in practice), but received practically no support from the institution coordinating Lithuania’s actions in the context of EU CEP external dimension development. Although Lithuania does not have much power in shaping the CSDP, inclusion of energy security issues into this domain of EU policy would have been in the interests of the country: it would be easier to transfer the solidarity principle active in the CSDP domain to the EU CEP (by which Member States have committed to provide assistance and support to a country facing aggression in its territory).

In terms of what regards the future oriented action strategy in the EU CEP external dimension domain, it cannot be overlooked that in the face of geopolitical confrontation between East and West, now is a good opportunity to raise half-

forgotten ambitious ideas, first of all – those related to reinforcing supranationality and solidarity, and the creation of supply crisis response mechanisms<sup>31</sup>. Lithuania should also support the ambitious projects of other countries or policies (e.g., related to the creation of the Energy Community), it should aim that as a consequence of the EC mandate growing stronger and expanding, in the future it would represent the whole EU and would take over Member States' right to negotiate with third countries. Especially because during the term of presidency in the EU Council, the first humble steps were already made in this direction: the EC supervised Strategic Group for International Energy Collaboration has discussed EU energy relationships with Russia. It would be useful for Lithuania to further support the activities of this group in order to fully realize its potential as forum where Member States and the EC exchange opinions.

#### **4.2. Lithuanian contribution towards NATO's energy policy development**

The Vilnius-based NATO Energy Security Centre of Excellence (ENSEC COE) was officially established on July 10, 2012 and accredited in the autumn of the same year<sup>32</sup>. Establishment documents were signed by the Deputy Supreme Allied Commander Transformation and Lithuanian, Italian, Latvian and Turkish military plenipotentiaries at NATO's Allied Command Transformation headquarters in Norfolk (USA). France and Estonia signed establishment documents a few months later, and Georgia and the United Kingdom joined the Centre in the end of 2014. The essential aim of the above-mentioned international military organization is to provide the Alliance with qualified and appropriate expert advice on subject matter as required by NATO, by supplementing, but not duplicating the activities of NATO's international staffs and headquarters. Basically, what the NATO ENSEC COE tries to do is: provide the Alliance with global solutions in the domains of resource consumption, technology implementation, infrastructure protection strengthening, science and industry collaboration<sup>33</sup>.

<sup>31</sup> *Study on the development of energy security dimension within EU common security and defence policy* accomplished by the consulting firm ESTEP according to the contract with the Lithuanian Ministry of Defence, ESTEP, 2012.

<sup>32</sup> For more information on the NATO ENSEC COE look here: [www.enseccoe.org](http://www.enseccoe.org)

<sup>33</sup> Arūnas Molis, „ESC after accreditation – activity in exercises and trainings“ *Energy security highlights. NATO Energy security Centre of excellence*, 2012. P. 15



After creating the Centre of Excellence with support from other countries and NATO headquarters, Lithuania has probably the greatest responsibility in ensuring the smooth activity of this new institution. Although the international personnel at this institution is comprised of representatives from all countries taking part in the activities of the NATO ENSEC COE, the Lithuanian contribution is the greatest: a Lithuanian representative leads the centre (according to the agreement, the ENSEC COE director will always be a Lithuanian military officer and his deputy will be French), and Lithuania also appoints or hires administrative personnel. Moreover, the army has delegated five and the Lithuanian Ministry of Foreign Affairs – one specialist to work at the centre. Of the other countries involved in the activities of the centre, each appoints one representative to the position of deputy director, department managers or specialists, pays their wages and an agreed financial contribution to the operating (dedicated to activities) budget of the organization.

It is worth noting that until now Lithuania hasn't been "home" to any international institution. Therefore, when creating the NATO ENSEC COE, Lithuania must have applied its own legal base and gained experience that can be adopted in Lithuania in establishing other international institutions and organizations, delegating Lithuanian representatives to them, etc. Even more important is the fact that such organizational expertise needed by NATO serves as a Lithuanian "window" to the Alliance's decision-making backstage. In other words, although the ENSEC COE is an international (i.e., not Lithuanian) institution, Lithuania's initiative and responsibility taken on also enhances the country's political authority in those areas that are not directly related to energy. For instance, in the negotiations regarding the Alliance's activity in the framework of its traditional responsibility, also in NATO's transformation, collaboration with partners, training system reorganization and other areas. Not to mention new opportunities for industrial enterprises and scientific potential – similar to those of Brussels and Paris because of the influential international institutions based there. Therefore, despite previous acknowledgment that NATO's involvement in addressing energy issues is still underdeveloped, it is worth noting that Lithuania together with other participating states has a unique possibility to actually impact on NATO's activities in the domain of energy security<sup>34</sup>.

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<sup>34</sup> Arūnas Molis, "NATO vaidmuo energetikoje: nuo vamzdynų iki strategijos", *Lietuva ir NATO: 10 metų kartu.*, LR Krašto apsaugos ministerija, 2014, p. 191-195 [Arūnas Molis, "NATO's role in the energy sector, from pipelines to strategy", *Lithuania and NATO: 10 years together.*, LR Ministry of Defence, 2014. p. 191-195]

The NATO ENSEC COE and its research capabilities are important to all Member States and HQs. Military forces use large quantities of fossil fuels during operations and a substantial proportion of this consumption is dedicated to electrical power generation for deployed force infrastructure. Consequently, allies' militaries expect advice on how to contribute to the more efficient use of energy resources by introducing smart technologies, investing into the application of vehicles that rely to a lesser extent on traditional fuel, renovating buildings, adapting military machinery and relying on renewable energy sources. On the other hand, the technological improvements solely do not guarantee the desired results: more efficient control of consumption (i.e., improvement of the energy consumption management system) coupled with the facilitation of changes in cultural or behavioural domains of energy consumption is also required<sup>35</sup>.

Talking about the achievements of the NATO ENSEC COE, they are the most visible in the areas of awareness raising (conferences, seminars, exhibitions), analysis, research, individual and collective training areas. These activities were started even before the Centre was created, i.e., by its predecessor, the Energy Security Centre under the Lithuanian MFA. For instance, under the supervision of the LT MFA and in cooperation with the Lithuanian Armed Forces (AF) and local experts, a study called "Energy Efficiency of the National Defence System" has been prepared. It marked an important step in changing the approach to the management methods of traditional energy resources. The study proposed a model of efficient energy use management suitable for the national defence system, based on the international standard ISO 50001:2011. Extensive detailed analysis of energy consumption efficiency in the National Defence System has been accomplished under the umbrella of this study and this paved the way to the creation of the efficient energy resources management model. If it will prove to be efficient, this model could serve as a pattern to other NATO member states.

At the moment the NATO ENSEC COE might seem like the only significant Lithuanian achievement regarding energy security in the framework of NATO. However as mentioned before, NATO's involvement in energy security is fairly recent, the strategy and the administration framework is still developing. Therefore Lithuania, being one of the most active members in this field, has an opportunity to influence or even to play one of the leading roles in shaping NATO's energy strategy.

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<sup>35</sup> E. Ruhle, "NATO and Energy Security: from Philosophy to Implementation", *Journal of Transatlantic Studies*, 2012, 10:4.

## Conclusions

When Lithuania took over presidency of the EU Council in 2013, it made a resolution to use this period in order to reduce the country's energy isolation. It looked like a good opportunity, as Member States had already recognized the challenges after gas supply disruptions, Poland had already done important preparatory work and the EC had identified energy isolation as one of the main obstacles in increasing the EU's economic competitiveness<sup>36</sup>. A formal position and the power of being the country holding the presidency has endowed not only additional information and procedural resources, but a certain normative authority as well. One more important aspect should be taken into account: as the financial perspective of 2007–2013 was coming to an end, there was anticipation of discussions and consensus regarding more than 80 Commission proposals: in theory that could mean the likelihood to earn less acceptance from countries showing interest in the development of the EU CEP external dimension in exchange for “concessions” or initiative in other domains. All of this should not have only made it easier for Lithuania to include energy issues in the EU agenda, but also to ensure actual support from the great powers and EU institutions to infrastructure development projects as well as implementation of the entire EU CEP dimension.<sup>37</sup>

There have been some achievements in this context. First, common EU electricity and natural gas markets are being successfully created which not only reduce the energy isolation of countries such as Lithuania, but also create preconditions for the development of an external EU CEP: without a common EU market, arguments to conduct collective negotiations on resource supply would be pointless. Second, energy infrastructure development projects that are important to Lithuania (though not concerning it directly) have been included in the lists of political and energy EU priorities, some of them are already being launched. Third, the EC Communication of 2011 (accepted and determined by Lithuania) provided for a possibility for the EU to submit ex-ante assessment of EU law compliance of any future intergovernmental agreement<sup>38</sup>. This is an important step in seeking

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<sup>36</sup> Lietuvos įtakos ir konkurencingumo didinimo Europos Sąjungoje kryptys. Tyrimo ataskaita. 2010. p. - 36 [The development of Lithuania's influence and competitiveness in the European Union. Research report. 2010. p. - 36]

<sup>37</sup> Lietuvos įtakos ir konkurencingumo didinimo Europos Sąjungoje kryptys. Tyrimo ataskaita. 2010. p. - 38 [The development of Lithuania's influence and competitiveness in the European Union. Research report. 2010. p. - 38]

<sup>38</sup> *Study on the development of energy security dimension within EU common security and defence policy* accomplished by the consulting firm ESTEP according to the contract with Lithuanian Ministry of Defence, ESTEP, 2012.

to further strengthen the supranationality principle in the domain of the EU CEP external dimension. Fourth, receiving the approval of all the EU Member States for geographic and functional expansion and extension of the old Energy Community Treaty for ten years (i.e., until 2013) was deemed successful.

On the other hand, usually divergent EU Member State attitudes towards the development of supranationality as well as towards strategic issues of the relations with third countries or the strengthening of energy independence forced Lithuania to waive some goals, to act in a more restrained way and even acknowledge that some of these goals have not been achieved. First of all, no strategy of the relationship with at least some of the key resource suppliers has been formulated and stated, such as would reflect the collective EU approach towards the Community's energy relations with Russia, Central Asia, North Africa or some other region. The lack of this kind of common EU strategy prevents the creation and implementation of a consistent action plan in regard to this region at the operating level or to involve EU partners in more manifest and binding agreements in the energy domain. Secondly, creation of a fully functional association between the EU CEP external dimension and other instruments of the EU's external activity was not successful: the ENP, CFSP, CSDP, trade policy as well as other policies focusing on relations with third countries. Thirdly, Lithuania never attempted to raise some of its foreseen goals: e.g., proposals to strengthen the EC's role or to create a European Energy Community have been practically voluntarily abandoned.

Although the EU presidency term now is over, the Vilnius-based NATO ENSE COE is suitable to formulate further actions of an international nature, which would strengthen the security of energy supplies and focus on monitoring, analysis and research, also preparation of tailor-made education, training courses and exercises, enabling development of common standards, common language and common procedures among the allies. For instance, Lithuania offered to other NATO countries to develop three key principles in the area of energy security, which are modularity, interoperability and sustainability. Although the implementation of these requires considerable investments into sophisticated technologies, it will facilitate the diversification of the consumed sources or the use of traditional energy sources in a more efficient way.