



Highlights

OED120 POLICY DEEP-DIVE

Fueling Geopolitics –

Insights on Energy Politics in Europe's Neighborhood

20 April 2021

The Open European Dialogue is committed to strengthening dialogue between policymakers across Europe by providing a neutral, informal, and accessible space for conversation. The OED120 Policy Deep-Dive format allows parliamentarians to receive a concise briefing, ask questions to an expert and discuss, with colleagues, a narrowly defined topic during a 120-minute video call. The OED provides professional facilitation to extract the most value out of the discussions. Policymakers get the chance to share their perspectives with their colleagues, while having topic expertise on hand for questions and clarifications. Topics are chosen as they emerge through other network activities as ripe for a more in-depth discussion, or they are suggested by members of the network, or flagged by the network of OED researchers and experts. MP network members can initiate these calls and volunteer their expertise on a topic of their choosing.

Our call was joined by eight parliamentarians from Belgium, Cyprus, Germany, Greece, Hungary, Latvia, and Spain. Ioannis N. Grigoriadis, Senior Research Fellow and Head of ELIAMEP's Turkey Program and Kristine Berzina, Senior Fellow, Alliance for Securing Democracy at The German Marshall Fund of the US (GMFUS), participated as speakers. The participants discussed the nexus of energy policy and geopolitical ambitions at the EU's eastern borders.

HIGHLIGHTS FROM THE CONVERSATION

- **Ioannis N. Grigoriadis** focused on the two dimensions of energy politics in the Eastern Mediterranean, mainly in relation to natural gas. These dimensions are the existing conflicts on one side and the discovery of new reserves, which turns countries from transit to producing. He further pointed out that the time of

hydrocarbons and associated dependencies and potentials is coming to an end as renewables take their place.

- **Kristine Berzina** pointed out that the energy sector is still dominated by large players thinking in very traditional structures. At the same time, the demand is diversifying and as technology becomes more advanced, more industrial sectors are becoming energy intensive. This leads to a conflict between having to adapt to an uncertain future of energy demand and decentralized infrastructures and an energy sector that largely still thinks in mega-projects and traditional centralized distribution systems.
- **How to move away from nuclear power?**
 - A participant from Belgium described the dilemma of pushing to move away from nuclear power when this would be **too expensive both for the national and the European economy** even though there is broad support for abandoning old nuclear power plants in favor of renewable alternatives. “We are now using residual heat from a power plant for a hospital and many households, which make the old plants more efficient.”
 - **Fundamental shifts in consumption patterns** for energy (more sectors are becoming part of the energy sector and supply shifts to renewables).
 - **Absolute reliability is required**, while the whole sector needs to reinvent itself to adapt.
- **The politicization of energy security**
 - A participant from Latvia mentioned that **Baltic reliance on Russian gas supplies could be used as a political instrument** (as it has been in Ukraine). “Gazprom is a political organization, so they can undercut the prices of all competitors.”
 - **Baltic states have integrated their energy infrastructure** with each other and Scandinavia, which reduces reliance on Russia.
 - **By diversifying its gas sources**, any country could build up reserves to reduce Russian leverage: “Then, Russia cannot just turn the lights off. It needs to remain a reliable supplier for its other customers and needs the gas sales to pay for its bills.”
 - **In peacetime, supply is secured**. But if the EU wants to move beyond energy security and actively reduce Russia’s gas incomes, secured supply will be more complicated and costly.
 - **The EU (and China) are moving towards green energy fast**, so the demand for Russian gas may drop in the medium run.
- **The need for a unified EU policy**
 - A participant from Hungary expressed their concern about the **EU’s lacking unity** on energy questions (failure of the Nabucco project, Hungarian cooperation with Russia on a nuclear power plant). “Either we decide buying gas is just business or we accept that it is political and insist on our red lines, as we should have after the annexation of Crimea.”
 - **Foreign interests** can drive member states’ behavior, and the EU has institutions that should stop projects favoring own interest over shared European values.
 - **Large energy consortia may push states to invest in big projects to reduce their own financial risks**. These investments may soon be obsolete as

the energy sector is changing fast, but companies can buy time this way to mask their own difficulties to adapt.

- **“Every time the EU does not show solidarity, it strengthens actors like Russia.”** A participant suggested following the lead of Lithuania, which excludes the possibility of involving Russian state-owned companies in their energy projects. “This is high politics, but in the end, [as a parliamentarian] you need to represent your people”.

- **The case of Cyprus**

- A Cypriot participant mentioned that in the Eastern Mediterranean region, Oil and Gas extraction is key and that for the Greek Cypriots, a solution to this crisis is necessary.
- Experts’ insight on this is that the Cyprus crisis is not unsolvable and previous meetings already have made many important steps in this direction. There is a possibility for Cyprus to benefit from this, but the time for hydrocarbons is coming to an end. Moreover, since 2017, Turkey has moved away from the internationally recognized framework of ideas for the resolution of the Cyprus issue.

- **Closing points**

- Experts urged parliamentarians to be creative and flexible enough to think about energy not just about a top-down old-fashioned thing but as something that changes quickly. The key message is to **be open for transformation in this sector and expect more uncertainty, even though you need to control costs and keep the lights on for citizens.**
- This is not the first energy transformation. Humanity has moved to coal, and then on to nuclear power before, with far-reaching implications There are **winners and losers of each of those changes.** It is important for politicians to think about this to make sure they are on the right side in the end, because our planet’s future depends on it.

RESOURCES

- **5+1 Meeting on Cyprus** | [Five things to know about the latest Cyprus talks](#)

This Politico Europe article concisely outlines key information on the summit that began on 27 April.

EXPERTS



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KEEP THE CONVERSATION GOING

The Open European Dialogue is a network driven by MPs. We look forward to hearing from you and helping you as best we can to connect and work with your colleagues from across Europe in these challenging times.

Keep in contact with your colleagues! Please know that you can always find the contact details of all OED members on the [members-only area of the website](#). Should you have issues logging in, you can contact rfarulli@gmfus.org.

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