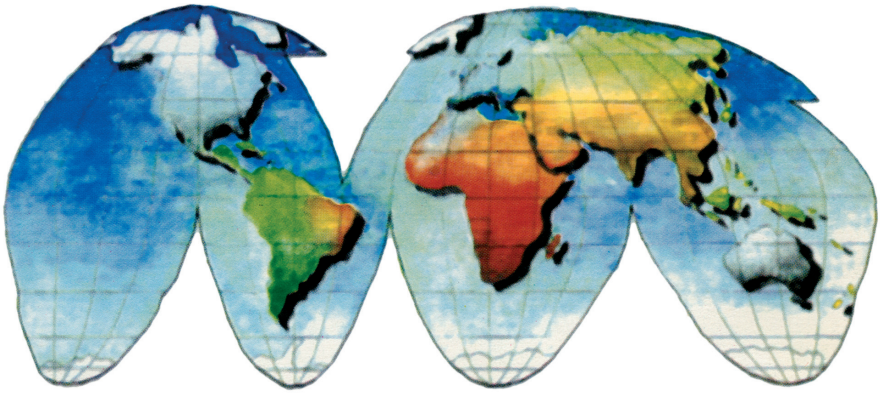
International Issues & Slovak Foreign Policy Affairs

Vol. XXIII, No. 3–4 | 2014



CENTRAL EUROPEAN ENERGY CHALLENGES 2.0

Editorial office
Research Center of the Slovak Foreign Policy Association
(identification number: 36 077 534)
Staromestská 6/D, 811 03 Bratislava, Slovakia, www.sfpa.sk
Telephone: +421 2 544 33 157
Email: brezani@sfpa.sk, strazay@sfpa.sk

Proofreading
Catriona Menzies

The quarterly International Issues & Slovak Foreign Policy Affairs is a refereed journal. All articles, whether commissioned or unsolicited, are independently and confidentially refereed. The journal is indexed by the Central and Eastern European Online Library (CEEOL), the Columbia International Affairs Online (CIAO), the EBSCO Publishing, Inc., the International Bibliography of the Social Sciences (IBSS), and the ProQuest.

The texts published in the current issue were prepared under the project "Energy security of the Central Europe" supported by the Ministry of Foreign and European Affairs of the Slovak Republic.

FRIEDRICH EBERT STIFTUNG

The 3–4/2014 issue also appears thanks to the support of the Bratislava-based office of the Friedrich Ebert Foundation.

Published on March 20, 2015
ISSN 1337-5482

Price: 14 €
EV 340|08

International Issues & Slovak Foreign Policy Affairs

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Jozef Badida

Changing European gas map – an opportunity or threat for Slovakia?

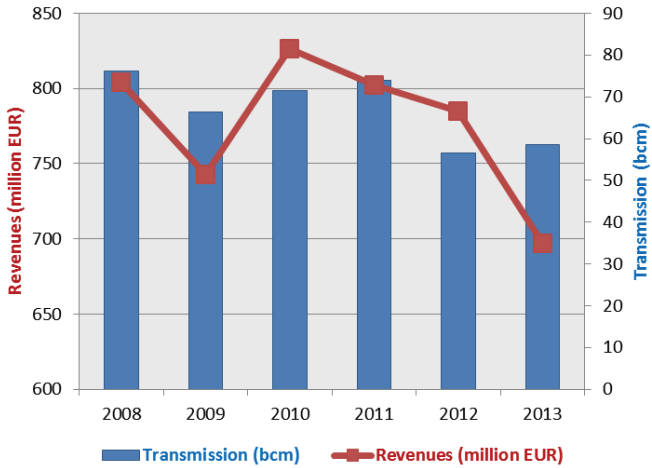
Abstract: *For many years, Slovakia (Czechoslovakia) was a privileged transporter of Russian (Soviet) gas to Europe. However, times are changing and Eustream, the Slovak gas network operator, now has more competitors (Yamal–Europe and Nord Stream). The article analyzes the consequences of this for Eustream especially in terms of transit volumes and revenues. The author admits that its position could become worse if South Stream is commissioned. Another threat has emerged in relation to the Russian–Ukrainian gas conflict in which Eustream plays a focal role. Hence, the article also assesses Eustream's response and the steps proposed to keep it on the European gas transit map.*

Slovakia, as part of former Czechoslovakia, won out against other Socialist allies, such as Poland and Hungary, when comrades in Moscow decided to supply gas to Western Europe. This led to the construction of the "Brotherhood" pipeline (Urengoy–Pomary–Uzhgorod) running to Slovakia. The value of the golden eggs this goose laid was fully recognized only in the 1990s when Slovakia became an independent country and the transportation of Russian gas started to fill state coffers. However, after the dissolution of the Soviet Union, Russia realized that being dependent on one country and one route was endangering its business. As a result, the Yamal–Europe pipeline via Belarus and Poland was built at the beginning of the twenty-first century and the amount of Russian gas exported to Europe via the Slovak section decreased to 80 per cent. That was just the beginning.

After two gas crises, one in 2006 and another, more serious one, in 2009, when Russia cut off the gas supply to Ukraine, Nord Stream construction was launched in April 2010. One could say that this project was much appreciated

Badida, J., "Changing European gas map – an opportunity or threat for Slovakia?," *International Issues & Slovak Foreign Policy Affairs* Vol. XXIII, No. 3–4, 2014, pp. 3–11.

Figure 1. Eustream gas transmission and revenues from the sale of services (2008 –2013)



Source of data: *Annual Reports of Eustream*. Available online: http://www.eustream.sk/en_company-eustream/en_annual-reports (accessed on December 15, 2014).

because the European Commission assigned it Trans-European Network (TEN) status. However, the opposite was true, notably in Central Europe. Radoslaw Sikorski, then Polish defense minister, compared it to the Ribbentrop–Molotov pact and Slovakia lost out on more Russian gas. Although, Gazprom exported a historically large amount of gas (137.5 bcm) to the EU in 2013, Eustream, the Slovak gas transmission system operator (TSO), transported "only" 58.5 bcm, i.e. 21 per cent less than in 2011. This was also visible in Eustream's financial results, which were more than 100 million euros less in 2013 than in 2011 (Fig. 1). This was the case despite the signing of a 20 year, long-term, ship-or-pay contract between Eustream and Gazprom in 2008.

Although the operators of gas transmission systems are deemed to be natural monopolies, they compete among each other. What are the results of this gas pipeline competition? Some routes for Russian gas are not used effectively. For instance, in 2013 the utilization rate of the Eustream transmission system was no more than 65 per cent. Similarly Gazprom has been transiting a limited amount of gas via Nord Stream because it can only use the OPAL and NEL connecting pipelines at 50 per cent and 35 per cent capacity respectively. The remaining capacity has to be left for other shippers

but no one is interested at the moment. Naturally, Gazprom has repeatedly requested this additional capacity. One might expect that the full exemption from Third Party Access (TPA) granted to Gazprom with regard OPAL and NEL would cause a lower utilization rate of the Yamal–Europe pipeline and especially the Slovak–Ukrainian (Central) corridor.

One of the strong arguments for constructing Nord Stream was strengthening security of supply. However, the unexpected reduction in gas deliveries to some EU countries, such as Poland, Slovakia, Austria and Romania during autumn and winter 2014 indicates that this has not happened. Gazprom was not able to cover all its European clients' nominations, explaining that it had to inject gas into its own underground gas storages. However, some politicians, including Slovak Prime Minister Fico, considered the reduction to be a reaction to the launch of reverse flow from Slovakia to Ukraine, which had occurred just a few days before. Andriy Kobolyev, CEO of Ukrainian oil and gas giant Naftogaz, filled energieprevas.sk portal in on the broader picture, "the problem is not the route but the supplier and the same problem can occur with South Stream."[1] He named potential future consequences of another Russian megaproject.

One of the strong arguments for constructing Nord Stream was strengthening security of supply. This has not happened.

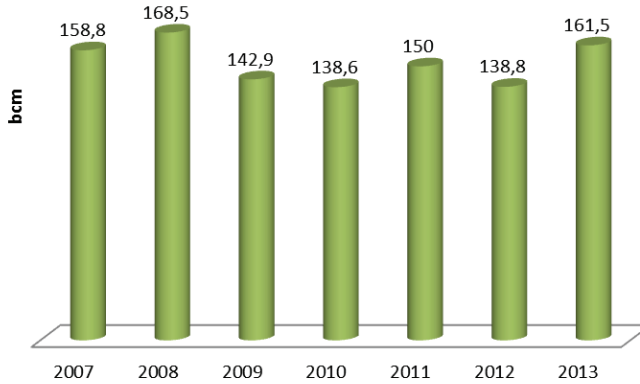
The South Stream project was officially announced in 2006 and, unlike Nord Stream, it also has an onshore section starting in Bulgaria, running through Serbia, Hungary and Austria, and finishing in Italy. The commissioning of this monumental pipeline would fully solve Russia's problems by:

- providing the necessary capacity to be directly connected with the biggest European customers (Germany via Nord Stream and Italy via South Stream);
- bypassing the European "troublemaker" – Ukraine; and
- cementing its position as monopoly gas supplier in Central and Eastern Europe.

Certainly, one of the most important questions related to South Stream (or the alternative project – Turkish Stream) is whether it is really necessary.

[1] "Gazprom's position is breaching EU law". Interview with Andriy Kobolyev, CEO Naftogaz, *energieprevas.sk*, 2015. Available online: http://energieprevas.sk/en/interview.php?id=2 (accessed on January 30, 2015).

Figure 2. Gazprom supplies to Europe



Source: Gazprom. Available online: http://www.gazpromexport.ru/en/statistics/ (accessed on December 15, 2014).

Is there not too much available capacity? In the very successful year of 2013, Gazprom exported 161.5 bcm to Europe and the total capacity of pipelines capable of transporting its gas to European customers was 240 bcm per year (Fig. 2). On top of that the construction of the South/Turkish Stream, originally designed to carry 63 bcm per year, would easily overcome the magical volume of 300 bcm per year – almost doubling Gazprom's current needs (Fig. 3).

Figure 3. Capacity of corridors transporting Russian gas to Europe

	Capacity of gas corridors	**Controlled by Gazprom (bcm)**	**Non-controlled by Gazprom (bcm)**	
existing pipelines	Ukraine		130	
	Yamal Europe	33		
	Nord Stream	55		
	Blue Stream	16		
	Finland	6		
	TOTAL (2014)	***110***	***130***	**240**
planned pipelines	South/Turkish Stream	63		
	TOTAL (+ planned)	***173***	***130***	**303**

Source of data: Gazprom and EEGA

On the other hand, Gazprom based their arguments on predictions made by the IEA (New Policy Scenario 2010–2035) and Wood Mackenzie (Base Case 2010–2035) concerning European consumption and production. IEA and Wood Mackenzie forecast that gas imports to Europe in 2035 would increase by an additional 135 bcm per year and 186 bcm per year respectively. It is important to note, then, that there are also other options for covering potential European gas demand. The old continent has already built a regasification capacity of 197 bcm per year (with only a 22 per cent utilization rate in 2013 according to GIE) and other LNG terminals are under construction (for instance, Świnoujście in Poland).

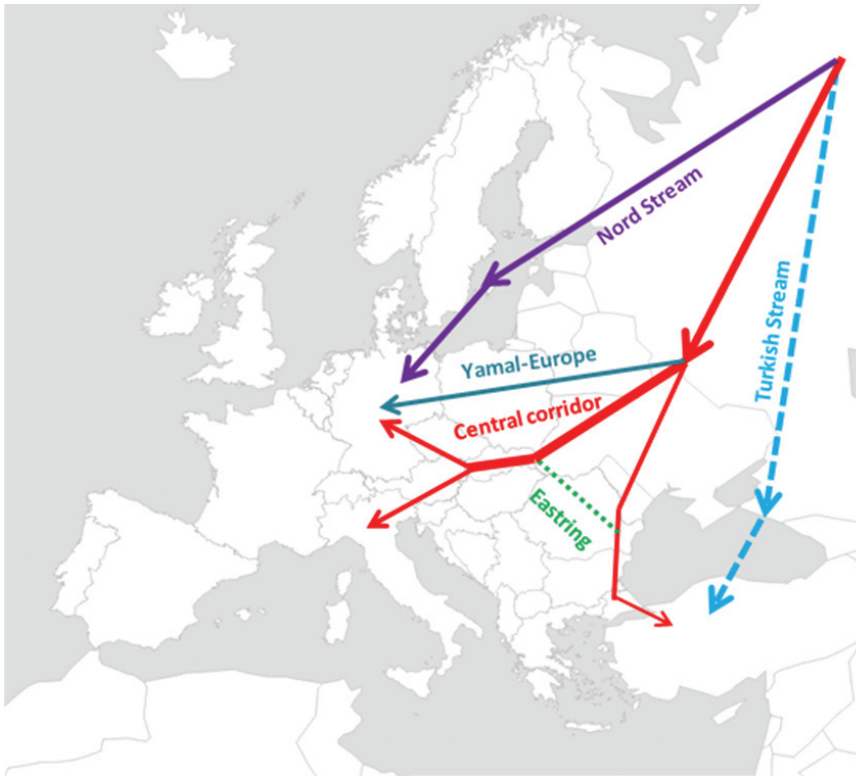
Low oil prices are significantly decreasing state budget revenues and Gazprom's earnings are also suffering due to their gas dispute with Naftogaz.

Besides the fact that Gazprom is not the only option, we should welcome their intention to invest in the European gas market. This was also confirmed by Torstein Indrebø, then Secretary General of the International Gas Union, who told Slovgas that "from the gas industry's point of view, more gas infrastructure and pipelines are positive as it makes the supply system more robust."[2] Therefore, South Stream could be perceived positively, if it complies with EU rules. The Third Energy Package lays down non-discriminatory rules, and provides for the unbundling of the supplier and network operator and the TPA. Naturally, if other suppliers could access South Stream that would be helpful because the Southern Gas Corridor is designed to bring additional gas from the Caspian region or the Middle East. However, Gazprom seems to be quite reluctant to adhere to these EU rules.

Moreover, the current economic situation has not been favorable to South Stream either. Western sanctions against the Russians have meant that they cannot borrow "cheap" money in Europe and North America, while low oil prices are significantly decreasing state budget revenues and Gazprom's earnings are also suffering due to their gas dispute with Naftogaz. Finally, President Putin scrapped the South Stream onshore project and rerouted its offshore part to Turkey (Turkish Stream). Thus, revealing another consequence of Russian

[2] "South Stream – silný signál Gazpromu a Ruska," *StratOgie a koncepcie,* December 2014. Available online: http://www.szn.sk/Slovgas/Slovgas_t.aspx?r=2014&c=6&t=3 (accessed on January 30, 2015).

Figure 4. Map of gas transit routes



Source of map: www.freeworldmaps.net (accessed on December 15, 2014). Routes drawn by author.

activity in the Black Sea. Alexei Miller, CEO of Gazprom, in an interview given to Russia 24 TV channel, said, "Once the new pipeline becomes operational, the role of Ukraine as a transit country will be reduced to zero."[3] This statement confirms the concern that the construction of South (Turkish) Stream is not to cover the potential gas imports to Europe alone but also to completely cease gas transit via Ukraine. In fact, transporting lower volumes through

[3] "Миллер: транзитная роль Украины свелась к нулю," December 6, 2014. Available online: http://www.vesti.ru/doc.html?id=2179690 (accessed on December 12, 2014).

the Ukrainian gas transmission system (GTS) would most probably lead to reduced technical capacity, thus threatening European security of supply.

The Slovak situation cannot be ignored because Eustream's network would be negatively affected as well. The lack of Russian gas in the Ukrainian GTS would most probably dry up Slovak gas pipelines as well. Under these circumstances, rerouting South Stream to Turkey as Turkish Stream sounds like a much better idea for Eustream and its shareholders. While South Stream was originally designed to consist of parallel pipelines to the Eustream network, Turkish Stream is intended to deliver Russian gas just to Turkey (on the EU border). Subsequently, it will then have to be somehow transported to its European customers. And here is an opportunity for Eustream.

The Balkans are quite poorly interconnected and integrated with other European gas networks. Following Putin's decision on South Stream, it is clear that the EU cannot count on Russian money anymore; the Russians will not solve our problem. We have to do the groundwork ourselves. We have to invest, integrate and diversify. In this respect Eustream has proposed constructing Eastring, a pipeline that would connect up Eustream's huge transmission system with the Balkans. It is correct that after a long period of passivity, Eustream is actively coming up with ideas on how to become part of the European solution. Eastring could be used to transport gas from western European hubs (CEGH, NCG and Gaspool) to the Balkans and vice versa to deliver gas from the Turkish hub (Russian, Azeri and potentially Iranian, Iraqi, Turkmen, Cypriot or Israeli gas) to Central and Western Europe. Moreover, this new pipeline would make for greater utilization of Central Europe's robust infrastructure (pipelines and storages).

Table 1. Eastring

Starting point:	Slovak–Ukrainian border (via Romania)
Delivery point:	Bulgarian–Turkish border
Capacity:	12.5 bcm/y (phase 1), 20 bcm (phase 2)
CAPEX:	750 million euro
	bidirectional

However, gas flows have also been changing in Central Europe. The Visegrad Four countries continued working on a better gas interconnection when neighboring Ukraine started calling for it to be further integrated into

the region. Following the cancelation of the Russian discount on gas deliveries and the annulment of the Kharkiv agreements, the price of Russian gas to Ukraine jumped to 485 USD per 1000 m^3. This situation was aggravated by the growing debt Ukraine owed Gazprom, which subsequently adopted a prepayment system. When Kiev refused to pay, Gazprom stopped the gas supply to Ukraine on June 16, 2014. It was clear that Ukraine itself would have to ensure its energy security and could not rely on one gas supplier.

There are two small interconnectors with Hungary (Beregdaróc) and Poland (Hermanowice), which have a limited transit capacity and everybody knows that the Slovak–Ukrainian gas pipeline is a key element in the Ukrainian pursuit of greater energy independence. The interconnector at Veľké Kapušany has long been used only westward in order to transit Russian gas to the EU. Its entry technical capacity is an enormous 220 mcm daily and Ukrainians feel that reverse flow would be a great opportunity to solve the problem of the lack of gas. Naturally, Gazprom is not very keen and considers this scheme illegal.

Slovakia and its network operator Eustream suddenly found themselves at the epicenter of the Russian–Ukrainian gas conflict.

As a result, Slovakia and its network operator Eustream suddenly found themselves at the epicenter of the Russian–Ukrainian gas conflict. On the one side, there was Ukraine, which was calling for solidarity and was backed by the EU and USA, while on the other side, there was Gazprom paying Eustream hundreds of millions of euros each year. Within the EU, reverse gas flow could be provided if requested, but Ukraine is not an EU member state, it is just part of the Energy Community. Moreover Eustream has a signed interconnection agreement with Gazprom, but not with Uktransgas, its Ukrainian counterpart. In this unusual situation, Eustream proposed a wise step – renovating and utilizing an idle, lower capacity pipeline running from Vojany in Slovakia to Uzhgorod in Ukraine. The project was commissioned on September 2, 2014 and its current exit capacity of 31.5 mcm daily is fully booked until 2019. One could say that this was a very successful step because Eustream will earn additional tens of millions of euros every year.

In total, Ukraine can get around 50 mcm daily from the EU (Slovakia, Hungary and Poland). However, this is not all firm capacity and Ukraine needs to double it in order to have a sufficient alternative to Gazprom. Therefore,

they are not satisfied yet and are still requesting large reverse flow via Veľké Kapušany. It seems that Eustream finds itself back in the position of being caught between a rock and a hard place. Certainly, it will not be an easy task for the managers of the Slovak TSO. Nevertheless, it seems that unlocking a primary route would be beneficial for the whole region,

- trading with the largest consumer in the region – Ukraine;
- getting access to the biggest underground gas storages; and
- connecting the Balkans with more liquid Western hubs.

Conclusion

The first decade of the twenty-first century did not look very promising for the Slovak gas industry because gas transit was in constant decline due to the competing pipelines of Yamal–Europe and Nord Stream. This situation could be even worse if South Stream is commissioned. However, critical moments usually mobilize and motivate people into finding innovative solutions. This was the case with Eustream which

- proposed a new pipeline, Eastring, enabling it to use its robust network in the future as well and
- built a small reverse flow to Ukraine, Vojany–Uzghorod, bringing it additional profit.

Certainly, there are many challenges ahead, for instance, the financing of Eastring and compromising on a large reverse flow in Veľké Kapušany. The gas map of Europe has been gradually changing, to the disadvantage of Slovakia. Therefore, the fact that Eustream's new management is coming up with plans on how to reverse this should be taken positively. Indeed, it does not often happen that Slovaks come up with a pan-European economic solution.

Tomasz Dąborowski

Visegrad gas market integration – brief history and reality check

Abstract: *Gas market integration has become an important area of cooperation for the Visegrad Group in recent years. Two integration initiatives have been launched since the 2009 gas crisis: the North–South Gas Corridor and a Roadmap for a Regional Gas Market. In this paper I briefly examine the history of the Visegrad Group's gas cooperation and the results of its integration efforts. The general conclusion is that integration has certainly progressed, albeit at a slow pace. The important achievements so far are well-established political cooperation and improved interconnectivity. However, different regulatory regimes, the slow liberalization process and the predominance of Russian gas supplies are hampering genuine market integration. All in all, Visegrad gas market integration is just at the "take-off" stage and there is still a long road ahead to achieving a truly integrated region.*

The idea of bringing the Visegrad gas markets closer together has a long history. The founding declaration of the Visegrad Group (V4), signed in 1991, contained a clear call for the construction of energy infrastructure in a "north–south direction."[1] At that time the Visegrad countries were almost totally independent of each other. Poland and Hungary had no physical interconnections with Czechoslovakia. After the dissolution of Czechoslovakia in 1993 the only countries in the Visegrad group with solid infrastructural links were the Czech Republic and Slovakia. This situation did not change for almost two decades. The first small interconnection between Poland and

[1] "Declaration on cooperation between the Czech and Slovak Federal Republic, the Republic of Poland and the Republic of Hungary in striving for European integration," February 15, 1991. Available online: http://www.visegradgroup.eu/documents/visegrad-declarations/visegrad-declaration-110412 (accessed on February 25, 2015).

Dąborowski, T., "Visegrad gas market integration – brief history and reality check," *International Issues & Slovak Foreign Policy Affairs* Vol. XXIII, No. 3–4, 2014, pp. 12–26.

the Czech Republic was opened in late 2011. The construction of the first interconnector between Slovakia and Hungary took even longer – the link was finished only in 2014 but is still not operational. Therefore, the story of Visegrad gas market cooperation – at least in the first two decades of the Visegrad Group's existence – is one of passivity and missed opportunities.

There were a number of reasons behind this miserable state of gas cooperation within the Visegrad Group. The crucial factor was the legacy of gas infrastructure development in central Europe, which had preserved the east–west pattern of gas grids. All the V4 countries had traditionally been supplied by Russia under long-term contracts. Central Europe also served as a transit region for Russian gas going to western Europe and the Balkans. Russia was perceived as the only potential gas supplier and transit served as specific "insurance" for energy security considerations. As a result there was no strong incentive to build new pipelines. Another problem was the financial constraints of the Central European gas industries. Transmission system operators preferred to invest in domestic pipelines and storage rather than interconnectors, which are, by nature, complex projects from the legal, economic and political point of view. Protectionist tendencies also played their role – interconnectors were not particularly welcomed as they could undermine monopolistic positions of national "gas champions."

Transmission system operators preferred to invest in domestic pipelines and storage rather than interconnectors, which are, by nature, complex projects.

This protracted period of inactivity came to an end shortly after the gas disruption of January 2006. Disruption had a very mild impact, but energy security became a more frequently debated topic. Nevertheless, at that stage, the region did not come up with a viable initiative for regional cooperation. Indeed, only Hungary seemed to be genuinely interested in significantly developing the cross-border infrastructure before 2009. Budapest, however, was more interested in closer cooperation with its southern neighbors and not with Visegrad Group partners. In December 2007 Hungarian oil and gas company MOL unveiled a highly innovative project known as the New European Transmission System (NETS). It envisioned not only connecting up and unifying gas grids but also merging network operators into a single regional company. Initially seven transmission system operators were involved in the project

(Austria, Bosnia and Herzegovina, Croatia, Hungary, Romania, Serbia and Slovenia). Nevertheless, NETS never got beyond the initial preparations and was quickly dropped by the majority of its participants.[2]

January 2009 gas crisis – trigger for V4 gas cooperation

The real game changer for Visegrad gas cooperation was the January 2009 gas crisis – the longest and the most serious gas disruption in EU history.[3] The Russian–Ukrainian price dispute led to an almost three week cessation in Russian supplies to Ukraine and to the other sixteen European countries (around 80 per cent of Russian supplies to EU were via Ukraine). There were no alternative supplies or well-established solidarity mechanisms.[4] Some Balkan countries even experienced a humanitarian emergency (lack of heating in households). Slovakia was the most seriously affected among V4 countries. Economic losses were estimated by the Slovak government at 1–1.5 per cent of GDP.[5]

The January 2009 gas crisis stirred debate on energy security in the EU. Energy security was set high on the policy agenda and subsequently new security of supply regulations were adopted in 2010. These introduced an "N-1 infrastructure standard" for all EU member states – all EU countries must be able to meet the highest level of daily demand for gas should the largest supply sources be disconnected. The security of supply regulations also imposed a requirement to make all interconnections bi-directional and

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[2] After several working meetings only three TSOs – Hungarian FGSZ (subsidiary of MOL), Romanian Transgaz and Croatian Plinacro – signed a memorandum of understanding to establish a research company for the project. NETS, however, has never gone beyond conceptual deliberations.

[3] See more: "The January 2009 gas supply disruption to the EU: an assessment," Commission Staff Working Document. Available online: http://ec.europa.eu/danmark/documents/alle_emner/energi/2009_ser2_autre_document_travail_service_part1_ver2.pdf (accessed on February 26, 2015).

[4] During the crisis, reverse flow on the Brotherhood pipeline (gas deliveries from the Czech Republic to Slovakia) was introduced for the first time in history. Also Hungary launched emergency gas deliveries to Serbia. These measures, however, had only a limited impact and were hastily prepared.

[5] M. Gonchar, A. Duleba, O. Malynovskyi, *Ukraine and Slovakia in a post-crisis architecture of European energy security. Prospects for transport of hydrocarbons and bilateral cooperation*, Bratislava: Research Center of the Slovak Foreign Policy Association, 2011, p. 18.

to prepare national energy security plans (risk assessment, preventive and emergency action plans).[6]

At the same time the gas crisis also became a strong "wake up" call for policymakers in the Visegrad Group. The region's vulnerability to supply shocks was harshly exposed and Russia's image as a reliable supplier seriously undermined. After the January 2009 gas crisis, a new political momentum appeared in the Visegrad Group – diversification of supplies and routes become a matter of utmost importance and the spirit of regional interests was born. At the June 2009 summit in Wieliczka, V4 prime ministers had already declared that energy cooperation would be reinvigorated and had established a "V4 energy infrastructure group".[7] This semi-official body, later renamed the High Level Group for Energy Security, worked on identifying the necessary infrastructure projects for the region. The Visegrad Group also started to work on gaining the wide political support of other countries in the region for the idea of diversification and broader gas integration. The most vivid example was the energy summit in Budapest, convened as a "V4 plus" summit in February 2010. The meeting brought together V4 prime ministers as well as high-level representatives from Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Serbia, Slovenia and Romania. Eleven countries jointly expressed support for building north–south interconnections, LNG terminals in Poland, Croatia and Romania and other gas projects as well (the Nabucco pipeline and NETS).[8] Unlike previous vague manifestos, what became known as the Budapest Declaration listed specific gas projects and

The Visegrad Group also started to work on gaining the wide political support of other countries in the region for the idea of diversification and broader gas integration.

[6] "Regulation (EU) No 994/2010 concerning measures to safeguard security of gas supply and repealing Council Directive 2004/67/EC," 2010. Available online: http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2010.295.01.0001.01.ENG (accessed on November 21, 2010).

[7] "Press release of the Polish V4 presidency after the official summit of the prime ministers of the Visegrad Group countries," 2009. Available online: http://www.visegradgroup.eu/2009/press-release-of-the (accessed on February 25, 2015).

[8] "Declaration of the Budapest V4+ Energy Security Summit," Budapest, February 24, 2010. Available online: http://www.visegradgroup.eu/2010/declaration-of-the (accessed on February 26, 2015).

put them into the broader regional context. This approach gradually led to the concept of building the North–South Gas Corridor. It anticipated the creation of many bi-directional interconnectors and domestic gas pipelines, linking the Baltic Sea area with the Adriatic and Aegean Seas. The rationale behind this project was to bring new sources of supply to the region (LNG sources) as well as to increase the resilience of gas infrastructure to supply shocks.

EU funds – "glue" for V4 gas cooperation

The second motivation behind gas cooperation among the Visegrad Group was the growing availability of EU funds for energy projects. Back in late 2008 the European Commission revealed its concept of a European Energy Program for Recovery (EEPR) – a special fund aimed at boosting economic growth through infrastructure investments. The EEPR was approved in the mid-2009 by the European Council and the European Parliament with a budget of close to 4 billion euros (more than half of which was dedicated to gas and electricity infrastructure).[9] The availability of the EEPR funds was an important trigger in increasing regional cooperation among Visegrad Group countries. A number of individual projects received funding from EEPR in Central Europe, including reverse flow on the Brotherhood pipeline and interconnectors between Hungary and Croatia (opened in 2010), Poland and the Czech Republic (2011), and Hungary and Romania (2011).

Another push for V4 gas cooperation was an "infrastructure package" revealed by the European Commission in 2011. It consisted of a set of new proposals for regulating trans-European energy infrastructure (TEN-E) and a new instrument for financing energy infrastructure – the Connecting Europe Facility (CEF). This new financial instrument envisioned 5.9 billion euros of financial assistance between 2014 and 2020. The Visegrad Group countries cooperated tightly with one another during debates on the infrastructure package. Firstly, they jointly promoted the idea of a north–south gas axis and lobbied the European Commission to include it among the "priority corridors."[10]

[9] "European Energy Programme for Recovery." Available online: http://europa.eu/legislation_summaries/energy/european_energy_policy/en0012_en.htm (accessed on February 25, 2015).

[10] See, for example, a letter from the Slovak Minister of Economy to the EU Energy Commissioner. Available online: http://www.mfa.gov.pl/resource/c6c5681b-f9b2-422b-9d70-3b989a217111:JCR (accessed on February 26, 2015).

The Visegrad Group was also engaged in the debate over projects of common interest (PCIs) – a special "EU label," which would open access to funds under the Connecting Europe Facility. The V4 jointly argued that security of supply and diversification should be a crucial factor when granting PCI status (some western European countries chose to underline sustainability factors). They advocated including a smaller number of proposed projects on the final PCI list (to ensure more generous financial support) and insisted that easier planning and permit procedures should be introduced along with PCIs.[11]

V4 countries were highly successful in promoting the concept of the North–South Gas Corridor. The European Commission embraced it and in 2011 established a High Level Group for North South Interconnections.[12] The action plan prepared within this group was later used in the new TEN-E regulation. The European Commission also accepted most Central European proposals concerning the criteria for PCI status. Moreover all projects relating to the North–South Gas Corridor were among those on the final list of PCI projects revealed in late 2013.[13] The fact that the PCI list is reviewed every 2 years should mobilize V4 countries into cooperating further.

V4 countries were highly successful in promoting the concept of the North–South Gas Corridor.

Infrastructure developments – the reality check

The political momentum after the 2009 gas crisis and the growing availability of EU funds for energy infrastructure resulted in a gas infrastructure boom in the Visegrad Group. Never have such a large number of cross-border

[11] K. Takáč, R. Kaszab, A. Sobják, V. Trejbal, "Once in a lifetime: opportunities for Visegrad in EU energy infrastructure plans," *CEPI Policy Brief*, April 15, 2013. Available online: http://www.cepolicy.org/publications/once-lifetime-opportunities-visegrad-eu-energy-infrastructure-plans (accessed on February 26, 2015).

[12] "Action plan for north-south energy interconnections in central-eastern Europe." Available online:http://ec.europa.eu/energy/sites/ener/files/documents/2011_north_south_east_action_plan.pdf (accessed on February 26, 2015).

[13] See projects of common interest/cluster of PCIs. Available online: http://ec.europa.eu/energy/sites/ener/files/documents/2013_pci_projects_country_0.pdf (accessed on February 25, 2015).

interconnectors and infrastructure enhancements been launched as in the past five years. The V4 countries largely expanded their domestic gas infrastructure and built several new cross-border pipelines linking themselves and non-V4 neighbors.

As far as interconnectivity between V4 countries is concerned, the biggest improvement was launching reverse flow on the Brotherhood transit pipeline in mid-2011. It allowed gas to flow in a west-east direction from the Czech Republic to Slovakia. The project was completed with the help of EEPR funds and initially enabled delivery of 9 bcm/annually to Slovakia. Gradually the Czech internal grid was further improved and in late 2014, reverse flow capacity reached 75 mcm/day (almost 24 bcm annually).[14] Another investment within V4 was the Polish–Czech interconnector (Stork). The link was opened in late 2011. In fact it was the first cross-border pipeline connecting V4 countries (unless we count the Brotherhood transit pipeline built in Czechoslovakia in the late 1960s). The capacity of the new interconnector is extremely limited (0.5 bcm/year) and gas can only be sent in one direction – from the Czech Republic to Poland. The newest physical interconnector between V4 countries is the gas link between Hungary and Slovakia. The history of preparations for this more than 200 km long pipeline depicts the tremendous problems associated with building interconnectors in the region. The new interconnector had already been planned in 2009 but due to lack of interest – especially from Hungary – the project was delayed (two unsuccessful open season procedures). The project gained political support in Bratislava, Budapest and at the EU level (it was included as part of the North–South Gas Corridor, which was the main reason why the interconnector was finally built). Hungary decided to establish a fully state controlled transmission system operator – Magyar Gaz Tranzit (MGT) – which was allocated the construction and future management of the Hungarian section of the link only (MGT replaced transmission operator FGSZ, which was owned by MOL). Construction work was finally finished in the first half of 2014. Nevertheless the link is still not in commercial operation. The Hungarian TSO has not yet been certified by the European Commission as a licensed transmission system operator. MGT have also stated that there are technical problems on its section but have not provided further details. It is not clear when the link will be opened.

[14] "NET4GAS to increase security of gas supplies for the CEE region," August 6, 2014. Available online: http://www.net4gas.cz/en/1167/ (accessed on February 25, 2015).

Moreover, there was also a growing number of new investments in the V4 countries' domestic grids and their links with non-V4 members. In Poland the most important one was without doubt reverse flow on the Yamal–Europe transit pipeline (originally transporting Russian gas from Belarus via Poland to Germany). Reverse flow was launched in 2011 and was gradually expanded. Currently approximately 5.5 bcm/year can be imported on a firm basis and 2.7 bcm on an interruptible basis from Germany to Poland. Together with small interconnectors with Germany and the Czech Republic, this allows Poland to import approximately 10 bcm annually from a western direction.[15] The Polish transmission system operator Gaz-System also built over 1000 kilometers of domestic pipelines (between 2009–2014) and has launched the construction of an LNG terminal at Świnoujście (regasification capacities of 5 bcm/year). Investment has been delayed (it was to have been commissioned in mid-2014) but according to official statements it should be operating commercially by the end of 2015.

The Vojany–Uzhgorod connection means that 11.5 bcm/year can be sent to Ukraine and it was launched with strong political support from the EU.

In Hungary, the most important investments were the interconnectors with Romania and Croatia, launched in 2010 and 2011 respectively. Both links have large capacities but so far are not bi-directional. They allow Hungary to export 4.4 bcm/year to Romania and almost 7 bcm/year to Croatia. It is worth mentioning that both projects were prepared just before the 2009 gas crisis and were co-financed from EEPR funds. Currently both projects are underutilized. Hungary also expanded its storage capacities extensively and achieved the highest level in the V4 region – 6.1 bcm (in the Czech Republic – 3.3 bcm, in Slovakia 3.2. bcm, in Poland – 2.5 bcm). The main investment on the Czech market was the launch of the Gazelle pipeline in 2013. This new route has a capacity of 30 bcm/year. Gazelle is used mainly as a transit route for Russian gas coming from Nord Stream through the OPAL pipeline, connecting northern Germany with southern Germany. In Slovakia's case, one of the most important measures was

[15] "New opportunities for importing natural gas to Poland from the West," January 8, 2015. Available online: http://en.gaz-system.pl/en/press-centre/news/information-for-the-media/artykul/202017/ (accessed on February 25, 2015).

introducing the reverse flows on the Brotherhood pipeline from Austria. Nevertheless, the main investment (besides the interconnector with Hungary) was opening a new pipeline to Ukraine in the last months of 2014. The Vojany–Uzhgorod connection means that 11.5 bcm/year can be sent to Ukraine and it was launched with strong political support from the EU (the European Commission was involved in the negotiation process). This is the largest reverse flow to Ukraine from a western direction. Reverse flows from Poland and Hungary, launched in 2012 and 2013, mean 1.5 and 6.2 bcm/year respectively can be sent. Unlike Slovak reverse flow they work on an interruptible basis and therefore the actual gas flows are much lower than the technical capacity.

Summing up, a lot of new investments have been launched in the last five years. New investments have led to a significant improvement in the energy security of the region. All the V4 countries currently meet the N-1 infrastructure standard of security of supply regulation. The Czech Republic, which can cover more than 250 per cent of demand if the largest supply source is turned off, has the highest N-1 rate. Slovakia's rate is over 200 per cent, while Poland and Hungary barely exceeded the required threshold of 100 per cent.[16] Looking at infrastructure developments, it should also be stressed that gas flows from east to west remained the major feature across the region. The new phenomena are west–east flows, which quickly emerged and consolidated across the region. This was the result of much lower gas prices on western hubs compared to gas prices under long term, oil indexed arrangements in V4 countries. The tense political situation in Ukraine additionally fuelled the west–east pattern of gas flows. At the same time infrastructure developments on the north–south axis have clearly been plagued with delays. The North–South Gas Corridor is only partially taking shape. The reason for this state of affairs seems to be simple – establishing west–east flows on already existing infrastructure is much easier and cheaper than building new north–south pipelines. Additionally there are still no available sources which could compete with Russian supplies. Indeed, the only infrastructure investment which guarantees direct deliveries of a completely

[16] See more: "Report on the Implementation of Regulation 994/2010 and its contribution to solidarity and preparedness for gas disruptions in the EU," Commission Staff Working Document, October 16, 2014, p. 8. Available online: http://ec.europa.eu/energy/doc/energystresstests_securityofgassupplysegulation_report.pdf (accessed on February 27, 2015).

new source is the Polish LNG terminal. Therefore, Russian-origin gas is still the main source of supply to V4 countries.

EU single gas agenda's impact on V4 cooperation

Infrastructural interconnectivity is just a pre-requisite for any market integration. The process of bringing markets closer also involves the development of a Europe-wide legislative framework and the removal of trade barriers such as price regulation, different tariffs and rules for gas grid balancing and different methods of capacity allocation on cross-border links. The European Union has been trying to create a single EU gas market since the late 1990s. The main step towards creating an EU common gas market was taken in 2009, when the third energy liberalization package was adopted. It introduced new rules for unbundling gas companies (the obligation to separate transport and sales activities) and organizing markets (the obligation to organize markets into entry–exit zones). The Third Energy Package also led to trans-European gas network codes being drawn up – a comprehensive set of rules governing different aspects of trade and gas transmission in member states. The task of drafting and implementing network codes was given to two newly established institutions: the Agency for the Cooperation of Energy Regulators (ACER) and the European Network of Transmission System Operators for Gas (ENTSOG). Until now the two network codes have been approved at the EU level – on capacity allocation and balancing.

The process of speeding up the creation of an EU single gas market gave impetus for broader Visegrad Group gas integration.

The process of speeding up the creation of an EU single gas market gave impetus for broader Visegrad Group gas integration. All V4 countries laid the foundations for creating competitive and transparent markets by gradually removing price controls on wholesale markets, adopting new entry/exit systems and applying unbundling rules to gas companies. Therefore, their regulatory regimes have been harmonized at the elementary level, and thus the fundamental conditions for market integration have been created. Drawing up the networks codes also revived regional cooperation among

regulators and transmission system operators. For example, the Czech Republic and Poland harmonized the access rules to their interconnector in mid-2014 by introducing auctions and bundled capacity products.[17] This pilot project was introduced because the majority of capacity allocation network code provisions have to be implemented by late 2015. A similar project is being developed by Hungarian transmission system operator FGSZ and its Romanian counterpart Transgaz. There seems to be less cooperation between V4 regulators. V4 countries' regulators are part of ACER's Gas Regional Initiative for South and South Eastern Europe (GRI SEE) together with Austria, Bulgaria, Cyprus, Greece, Romania, Slovenia and Italy. This wide geographical scope seems to block effective regulatory cooperation.

Access to gas infrastructure in the Czech Republic and Slovakia is relatively easy and transparent because both countries have enormous transmission capacities.

Despite the ongoing building of the EU single market, specific regulations across V4 are still far from being harmonized. There are different rules concerning price regulation, access to infrastructure, tariffs, balancing or licensing for gas traders and so forth. The most vivid examples are the different stages of gas market liberalization across the V4 region. The Czech Republic has fully relaxed gas prices, while Poland, Slovakia and Hungary still regulate gas prices for households and small enterprises (in Poland regulation of some parts of the wholesale market still persist). Tariff calculation methodologies and balancing rules are also different in each V4 country. Access to gas infrastructure in the Czech Republic and Slovakia is relatively easy and transparent because both countries have enormous transmission capacities. In Poland access is transparent (the introduction of auctions) but difficult due to congestion on western routes. The worst situation is in Hungary, which does not provide transparent and market-based access to the most heavily congested pipeline with Austria (HAG with a capacity of 4.4 bcm/year). In 2012 full access to this interconnector was granted to state-owned MVM. Visegrad market integration is also hampered by relatively small, bureaucratic obstacles affecting gas trading companies.

[17] Gas-System and NET4GAS agreed to offer bundled capacity at the Cieszyn IP via the new capacity auction platform GSA. See http://en.gaz-system.pl/centrum-prasowe/aktualnosci/informacja/artykul/201873/ (accessed on February 27, 2015).

In Hungary very high bank guarantees have to be provided, while in the Czech Republic a resident lawyer must be employed. In Poland the "diversification regulation" requires importers to maintain a proportion of imported gas from specific directions. This requirement is almost impossible to fulfill. These national particularities will probably not be resolved until all 12 EU network codes have been drafted and implemented (currently only the network code on balancing and capacity allocation have been introduced).

Searching for gas "region-making" formulas

The Third Energy Package saw the beginning of a process of preparing complex legislative norms (network codes). Therefore policymakers, regulators and gas industry decide to prepare a vision of the future EU single gas market and some kind of "guiding tool" for this process. According to this vision, approved in 2012 by Madrid Forum, the ideal European gas market would consist of closely interrelated wholesale gas markets.[18] Each of these would have several important characteristics, such as appropriate size (consumption of at least 20 bcm year), diversification level (at least three independent sources) and high competition (HHI market concentration index to be higher than 2000). This model predicts that small national gas markets will merge and create larger, transnational market areas. Therefore it implied a broad re-drawing of the gas market map in the EU.

Although the Gas Target Model was non-binding, it brought a new wave of concepts for regional integration in Central Europe. V4 policymakers, regulators and the gas industry started to debate different geographical and institutional frameworks for regional integration. The first idea was to create a common trading area between Austria, the Czech Republic and Slovakia. Put simply, the project envisioned the removal of capacity booking on interconnections between participating states, thus increasing the size and liquidity of the whole market and competition within it.[19] The project was

[18] "CEER vision for a European gas target model. Conclusion paper," Council for European Energy Regulators, December 1, 2011. Available online: http://www.ceer.eu/portal/page/portal/EER_HOME/EER_CONSULT/CLOSED per cent20PUBLIC per cent20CONSULTATIONS/GAS/Gas_Target_Model/CD/C11-GWG-82-03_GTM per cent20vision_Final.pdf (accessed on February 27, 2015).

[19] E-Control; "Studies, Cross-border Market Integration." Available online: http://www.econtrol.at/en/publications/studies/cross-border-market-integration (accessed on February 27, 2015).

unveiled in 2012 with strong support from the Czech transmission system operator NET4GAS and Austrian regulator E-control. However, the project did not gain full support from all members and is currently suspended.

In mid-2013 V4 prime ministers launched another integration initiative – the Roadmap for a Common Regional V4 Gas Market.[20] This document repeated previous calls for improved infrastructural links on the north–south axis and listed specific measures to improve the free flow of gas (including the introduction of bundled capacity products). There was also a clear commitment to strengthening cooperation between V4 regulators on the joint implementation of network codes. The roadmap also established a new platform for debates and action concerning the regional market – the V4 Gas Market Integration Forum – comprising representatives from ministries, transmission system operators and regulators. Unlike the Austria–Czech–Slovak regional initiative the V4 roadmap for a regional market did not provide a coherent vision which could be achieved through a clear-cut set of actions. Instead it was an attempt to assemble and coordinate different dimensions of gas cooperation (infrastructure development, regulatory harmonization and discussions on gas target model) under the "V4 label" of the regional market.

The roadmap lasted a year and a half showing that V4 regulatory cooperation is still rather limited. The V4 countries have only started one actual project, focused purely on the problems with the different regulatory regimes – harmonizing gas trading company licenses.[21] At the same time the V4 Gas Market Integration Forum decided to further coordinate action on gas supply security by developing regional preventive and emergency plans to deal with interruptions. This move was the result of the deteriorating situation in Ukraine and showed that V4 gas cooperation is still heavily influenced by the energy security agenda. Admittedly, elaborating an appropriate gas target model for the V4 countries is still under consideration, but representatives of the Czech transmission system operator have repeatedly stressed that

[20] "Road map towards a common regional V4 gas market." Available online: http://www.tokio.msz.gov.pl/resource/38228d71-c251-4929-b150-4cc7761a0acf:JCR (accessed on February 27, 2015).

[21] "GRI progress report, Autumn 2014," November 18, 2014, p.13. Available online: http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/GRI per cent20Progress per cent20report per cent20- per cent20Autumn per cent202014 per cent20- per cent20Final.pdf (accessed on February 27, 2015).

regional integration will not be effective without Austria.[22] In general, most of the stakeholders in the V4 region have adopted a rather conservative approach towards the idea of a deep restructuring of the market and have argued that discussions on a gas target model is premature in Central Europe.

Conclusions

In the last five years attention has focused on the integration of Visegrad gas markets. Gas polices found themselves at the heart of V4 cooperation due to energy security risks, the availability of EU funds and the progress with the EU single gas market. It is fair to say that the V4 countries have managed to establish good political cooperation and successfully promote their interests at the EU level. Additionally, they have significantly improved interconnectivity and energy security levels by building new pipelines and introducing enhancements on existing ones. Despite many delays, the North–South Gas Corridor is finally taking shape, at least on Visegrad Group territory.

For the sake of maintaining good energy relations with Russia, individual countries may be tempted to reduce their political involvement in integration or diversification initiatives.

Nevertheless, the problem of high dependency on a single source has still not been resolved. Also, endeavors in infrastructure have not yet made it possible to bring gas from a completely new source to the region. Harmonizing the regulatory regimes and removing the trade barriers still represent a tremendous challenge. Despite a number of initiatives, the V4 countries are currently identifying the main trade barriers, rather than dealing with them effectively. Price controls (everywhere except the Czech Republic) and governments' inclinations to intervene in the market (mainly in Hungary) are a significant threat to broader integration. In fact, the Visegrad

[22] "Baumgarten vital to CEE market integration," *European Gas Daily*, June 20, 2013. Available online: http://www.net4gas.cz/en/media/tiskove-zpravy/N4G-Kleefuss-ENG-Baumgarten_vital_to_CEE_market_integration.pdf (accessed on February 25, 2015).

Group has just started the integration process and there is still a long road ahead to achieving a truly integrated region.

It is difficult to determine whether the Visegrad Group will be able to speed up the integration process. It seems unlikely at this stage given the skepticism towards gas policies driven by a market-based approach and the still limited infrastructural connections. Moreover the Russian–Ukrainian conflict is fostering political differences among V4 countries. Admittedly, this does not automatically mean that regulatory and infrastructural gas cooperation will come to a halt in V4. Nevertheless, for the sake of maintaining good energy relations with Russia, individual countries may be tempted to reduce their political involvement in integration or diversification initiatives.

Mykhailo Gonchar, Andriy Chubyk, Oxana Ishchuk

Hybrid war in Eastern Europe: non-military dimension

Abstract: *The hybrid war plan was implemented on August 14, 2013, when Russia started discriminating against Ukrainian exports, causing economic damage. In 2014 the Kremlin launched the military component of the hybrid aggression and ratcheted up the energy component. The authors analyze the non-military dimension of Russia's external behavior and conclude that it has been using its energy resources and supply infrastructure to exert pressure on energy dependent countries. The worst scenario was used against Ukraine, and there is information to prove Russia's intention to block the supply and transit of gas in 2009 in order to annex eastern and southern Ukraine. Events in 2014 are clear signs of the improved energy weaponry used by the Kremlin to achieve its geopolitical goals. The EU and world leaders must adopt a single and united position to counteract Russian hegemony as an energy superpower and bring the aggressor to within acceptable international frameworks. NATO, the European Commission, the IEA, and the Energy Community Treaty Secretariat have to strengthen cooperation in the sphere of energy security, considering it from a security rather than from an economic point of view.*

Former NATO adviser on security, Dutch Major General Frank van Kappen was among the first western analysts to clearly call the events in Ukraine by their proper name when he stated on April 26, 2014 that "Putin is leading hybrid war in Ukraine."[1]

Russia's actions against Ukraine should properly be called "aggression of a hybrid character." A definition of aggression can be found in UN Resolution

[1] "Jacket torn at the seams," *Radio Svoboda*, April 26, 2014. Available online: http://www.svoboda.org/content/article/25362031.html (accessed on April 26, 2014).

Gonchar, M., Chubyk, A., Ishchuk, O., "Hybrid war in Eastern Europe: non-military dimension," *International Issues & Slovak Foreign Policy Affairs* Vol. XXIII, No. 3–4, 2014, pp. 27–36.

No. 3314 (XXIX), adopted on December 14, 1974, where paragraph (g) of Article (3) defines an act of aggression as one state using armed force against another. The resolution also clearly refers to the accompanying actions: "The sending by or on behalf of a State of armed bands, groups, irregulars or mercenaries, which carry out acts of armed force against another State ..."[2] This is what Russia is doing against Ukraine.

Hybrid aggression is a series of disparate, controlled acts that can be combined and performed against the enemy using a particular formula in which military means do not dominate. Briefly, it can be called "transformer war" (T-war). If you take traditional Russian models, it can be called a "matryoshka war." Like classic war, it includes a deeply hidden military component and when the remaining exterior is non-military that helps avoid a situation in which the hybrid war is identified as classic war.

In Ukraine's case, this can be seen very clearly. From summer 2013 until the end of February 2014, no one in the world or in Ukraine identified Russia's policy towards Ukraine as being one of aggression because of the absence of the military component.

Military and energy components

The start of the Crimean campaign by Russian armed forces saw the involvement of a military component, which Moscow had not needed until then, because everything had been going "according to plan." The hybrid war plan was implemented on August 14, 2013, when Russia started discriminating against Ukrainian exports, damaging the economy.[3] The goal was clear – to prevent the signing of an association agreement with the EU and to draw Ukraine into the customs union with Russia. The essence of the so-called *Anschluss scenario*, i.e. the option conceived at the Kremlin at that time, was to take over Ukraine without firing a bullet and using a carrot and stick

[2] "Definition of aggression," Resolution 3314 (XXIX), adopted by the UN General Assembly at the 29th session on December 14, 1974. Available online: http://daccess-dds-ny.un.org/doc/RESOLUTION/GEN/NR0/739/16/IMG/NR073916.pdf?OpenElement (accessed on November 20, 2014).

[3] "Демонстрация силы. Россия серьезно усложнила ввоз всех товаров из Украины," August 14, 2013. Available online: http://www.vz.ru/economy/2013/8/14/645664.print.html (accessed on August 14, 2013).

approach, forcing Yanukovych's regime to take an irreversible geopolitical turn towards Russia.

During late summer and autumn 2013, the stick approach was used. Its success is evident in Yanukovych's refusal to sign the association agreement with the EU, and in November and December, the "carrots" were added in the form of a promise of multi-billion orders for Ukrainian military industrial enterprises, 15 billion US dollars of credit and cheaper gas (at 268.5 US dollars per 1000 cubic meters). However, the *Euromaidan* movement significantly waylaid Putin's plans for an *Anschluss scenario* for Ukraine. Therefore, in 2014 the Kremlin launched the military component of hybrid aggression and ratcheted up the energy component as well.

The Euromaidan movement significantly waylaid Putin's plans for an Anschluss scenario for Ukraine.

Military operations began on February 20, 2014 with the Russian Federation annexation of the Crimean peninsula, despite the fact that it was an integral part of Ukraine. A medal "For the return of Crimea,"[4] campaign was launched in Russia on February 20, 2014. On that day pro-Russian president Yanukovych had no intention of leaving office and/or Ukraine. This is proof that the operation had been planned and prepared in advance.

Valeriy Gerasymov, Head of the General Staff of the Armed Forces of the Russian Federation, spoke volumes when outlining his estimations a year before the Crimean campaign. In his report of February 2013, V. Gerasymov stated, "Non-military means are increasingly important in achieving political and strategic goals, which in certain cases have proven to be far more effective than the power of arms. The ratio of non-military to military action is four to one."[5] [authors' trans.]

All the events that have taken place in Ukraine have been conducted according to the "recipes" described above, but they could have occurred much earlier as they were planned for 2009. In 2009, there were wide-reaching goals behind the gas crisis. It was to have acted as detonator provoking political

[4] "В России учредили медаль 'За возвращение Крыма,'" March 25, 2014. Available online: http://korrespondent.net/world/russia/3328246-v-rossyy-uchredyly-medal-za-vozvraschenye-kryma (accessed on March 25, 2014).

[5] В. Герасимов, "Ценность науки в предвидении," ВПК, February 27, 2013. Available online: http://www.vpk-news.ru/articles/14632 (accessed on February 27, 2013).

conflict in Ukraine along the East–West axis. The aim was for the gas crisis to cause gas shortages in eastern Ukraine via the complete disruption of the gas supply (both for internal consumption and gas transit to the EU). The Kiev-based authorities would potentially have been left unable to deliver gas from the western UGSF to the main industrial centers in the east and that would have left the population without heating. According to Russian strategists, it was intended to spark a "social explosion in the south and the east of Ukraine." In 2009, the Russian Strategic Culture Foundation explored a "semi-hard" scenario. It was to have enabled the emergency deployment of military contingents to Ukraine, combined with a "provisional government," and the dynamic expansion of local self-governing authorities in the occupied territories relying on pre-prepared "support forces" – marginal groups with critical attitudes toward the Kiev-based authorities, and the creation of "independent quasi-state institutions." It was no accident that on January 12, 2009 Russian mass media published an article on the topic of "border revision" in CIS or that Russian politicians gave statements on the topic at the time.[6] This scenario failed in 2009, because the Ukrainian gas transportation system (GTS) had reverse gas supply: the Central, eastern and southern regions of Ukraine received gas from underground gas storages facilities (UGSF) located in western Ukraine. However, in 2014 Russia started to implement an improved version of hybrid war.

In this hybrid war, energy plays a very significant role. Former adviser to the Russian president Andrei Illarionov recently announced that the preparations for the war waged by Russia against Ukraine had been ongoing since for at least eleven years going back to 2003. It is worth mentioning that the Energy Strategy of the Russian Federation was amended and then issued by Putin via presidential decree in 2003. The strategy began by stating that "Russia owns substantial deposits of energy resources and a powerful fuel-energy complex, which forms the basis of economic development, and is a domestic and foreign policy tool."[7] [translated by authors]

The following cases show how Russia has used energy resources as a means of putting pressure on other countries:

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[6] For example, member of Russian State Duma Konstantin Zatulin did not rule out that Russia would give a "signal at the proper moment" to the eastern and southern regions of Ukraine that they should join Russia. See: "Затулин о Хмельницком, Ющенко и знаке в нужный момент," УНИАН, January 12, 2009. Available online: http://www.unian.net/world/179446-zatulin-o-hmelnitskom-yuschenko-i-znake-v-nujnyiy-moment.html (accessed on January 12, 2009).

[7] "ЭНЕРГЕТИЧЕСКАЯ СТРАТЕГИЯ РОССИИ НА ПЕРИОД ДО 2020 ГОДА," May, 2003. Available online: http://www.cpnt.ru/userfiles/_files_normativ_energosafe_energostrategy.pdf (accessed on November 20, 2014).

- unilateral disruption of oil transit from Russia via Latvia in 2003;
- reduction of gas supply to Belarus during the winters of 2004 and 2006;
- oil supply cut off by Transneft to Lithuania in 2006.

It is evident that all these cases involve countries in the post-Soviet region. However, given the Russian proclivity for using energy resources to solve both "national and global problems," it cannot be excluded that similar instruments will be deployed against the EU and NATO member states. The sudden reduction in the oil supply to the Czech Republic in the summer of 2008 was a very clear example of this; at that time, Prague had signed an agreement to station a US radar system as part of an antiballistic missile system on Czech territory. New ideas being considered at the Kremlin include cutting off oil products via the Baltic countries' seaports.

The gas sector has traditionally been a weak point for Ukraine in its relations with Russia.

The gas sector has traditionally been a weak point for Ukraine in its relations with Russia. However, Ukraine has always been coal independent, possessing sufficient volumes for domestic consumption and exports as well. Ukraine has only needed to import coking coal for the steel industry. However, a temporary coal deficit was created when mines were captured, infrastructure destroyed and coal transportation blocked. The Donbass oligarchs used all possible means to block coal imports to Ukraine from abroad, aiming to preserve their own monopoly on coal supplies and state donations, thus playing into the hands of Russia. On its part, Russia forced Ukraine to choose from two alternatives: the coal shortages could either be covered by imports from Russia or by coal purchased from the so-called Lugansk People's Republic and the Donetsk People's Republic under Russian control. Thus, Russia is attempting to extend its energy weaponry to the gas, coal and even electricity sectors, with possible simultaneous stoppage of supplies as part of the warfare being conducted against Ukraine.

Is Russia to intervene openly?

To understand Russia's behavior, one has to consider the Russian thinking behind its strategic decision-making. "Russia is a self-reliant country" –

V. Putin stated pertinently in a recent speech he gave in Valdai in Russia. The Russian ruling party began preparations for possible armed conflict with the West in 2013. A secret decision on readiness for this confrontation was taken as part of the non-official consultations of "Politbureau 2.0" – a group of the innermost circle around V. Putin from the security, defense and law enforcement agencies, his administration and tycoons.

According to estimations by Kremlin experts, 2015–2018 will become a period of large regional military conflicts. "Given the cycles of global economic and political development, the timeframe of 2014–2018 corresponds to the period of 1939–1945, when the Second World War started."[8] According to the perceptions of Kremlin experts, Russia has a unique opportunity to make use of the weakness of Europe, the US and NATO. According to our hypothesis, the Kremlin is preparing a new "Caribbean crisis" for the US and the West. The Kremlin considers the "Caribbean crisis" scheme an ideal tool to gain strategic concessions from the West. The failure of the first Caribbean crisis is best explained in terms of Khrushchev's poor management of the situation. The Kremlin's current plan will have unexpected know-how for the West.

Our analysis and modelling of the possible scenarios of Russian behavior shows that Russia, given that it is an energy superpower, may try to:

1. keep and strengthen its status as main hydrocarbon supplier to the EU and as monopolistic owner of the eastern gas route;
2. destabilize existing and future energy supplies to the EU from non-Russian sources;
3. take control of prospective hydrocarbon deposits of global significance;
4. hinder the exploration of unconventional hydrocarbons in Europe and on the Black Sea shelf when related to projects Russia considers to compete with its plans.

Russia will undoubtedly adopt a couple of measures to achieve the above-mentioned goals:

- for goal 1 – build, by all possible means, the South Stream project or a modified version through Turkey and to hamper completion of the Visegrad Group North–South project;

[8] С. Глазьев, С. Батчиков, А. Кобяков, "Доклад Изборскому клубу," *Russia Post*, November 25, 2014. Available online: http://www.russiapost.su/archives/37621 (accessed on November 30, 2014).

- for goal 2 – gain control of Azerbaijan (or, if this is not possible, destabilize it) as a prospective gas supplier to the EU; to hinder construction of the Trans–Caspian gas pipeline for transporting Turkmen gas to the EU and to contribute to the destabilization of Algeria;
- for goal 3 – occupy the Atyrau region of Kazakhstan (the main oil producing region in the northwest of the country); to strengthen military control over the main part of the Arctic, including possible occupation of the Svalbard archipelago (Spitzbergen);
- for goal 4 – discredit and ratchet up the risks associated with gas extraction projects from unconventional sources and on the Black Sea shelf.

If one analyzes recent Russian behavior, it becomes apparent that many of the planned actions have already been carried out or are currently under preparation. Some examples:

- it has intensified politics with regard to Azerbaijan, strengthened the Caspian flotilla, increased the number of military exercises conducted in the Caspian region;
- Russian politicians publicly discuss the need to incorporate northern Kazakhstan into Russia, where most of the population is Russian speaking;
- unconventional gas projects in Ukraine and the development of hydrocarbon deposits on the Black Sea shelf have become highly risky after the annexation of Crimea and the Russian invasion in eastern Ukraine;
- Russia has rapidly boosted its Arctic military forces, started modernization of the old icebreaker fleet and begun construction of a new one, reopening old deployment points and creating new ones, airdromes in the Arctic.

The following asymmetric action plan may prove pertinent in deterring Russian aggression, excluding military component from the West:

- the EU and NATO together with the leading G7 countries should identify Russia's hybrid war against Ukraine as aggression according to the UN definition;
- categorizing Russian actions as aggression will make it possible to introduce financial sanctions and freeze Russian bank assets in the US and Europe;

- Russian banks should be disconnected from the SWIFT international bank communication system (much as Iran's banks were expelled in 2012);
- sanctions should be expanded to cover oil, oil products, gas and coal trade operations;
- the EU should refuse to allow exceptions from the third energy package for Russian pipelines and simultaneously renew the Nabucco project.

Should other players intervene?

The Brussels agreement between Ukraine and Russia mediated by the EU on October 31, 2014 reduces, but does not preclude the risk of Russia disrupting the gas supply along the route to the EU via Ukraine.

How can we limit the use of energy resources as an "energy weapon"? The universal formula for protecting against the use of energy resources as an "energy weapon" is as follows: *an integrated pipeline infrastructure + reverse use of existing pipelines + strategic reserves + diversification of sources and routes of energy supply + transparency of energy flows.* NATO, the European Commission, the International Energy Agency (IEA), and the Energy Community Treaty Secretariat have to strengthen cooperation in the sphere of energy security, considering it from a security rather than an economic point of view. To prevent future disruptions in the supply of energy resources and the use of energy infrastructure as a means of "energy warfare," a confidence-building measures system should be introduced, as was the case in the military sphere in the seventies and eighties, based on the exchange of information.

It should be noted that for gas transit to the EU via Ukraine to be completely disrupted, it should be simultaneous explosion of the GTS at 29 points, and that is an almost impossible scenario.

It would be a rational move if the IEA and the Energy Charter were to develop a multilateral project on an early warning mechanism using a biparametric system of data exchange on trans-border gas flow traffic. Providing access to the telemetry data on the physical parameters of energy flow traffic would

help to increase the transparency of the Export – Transit – Import (Russia – Ukraine – the EU) chain.

The strategic gas reserves are of key importance. The EU and Ukraine, in cooperation with the IEA, should consider establishing an eastern European segment of the EU strategic gas reserves, using the capacities of the western Ukrainian UGSF and incorporating these storages into the strategic gas reserves system should one be established in the EU.

Changing the delivery point to the Energy Community Treaty (ECT) border, which is on the eastern border of Ukraine, would mean use could be made of the highly integrated and interconnected Ukrainian gas transportation system (GTS). It has been demonstrated that this can ensure gas transportation even when serious damage occurs, whether of a technological nature or because of sabotage. At the same time, the bypass routes promoted by Russia (the Yamal–Europe, Blue Stream, and Nord Stream gas pipelines) are not equipped with any compensatory capacities (parallel interconnected pipelines or gas storage facilities). An accident in any of these directions would automatically lead to the complete stoppage of the gas supply. It should be noted that for gas transit to the EU via Ukraine to be completely disrupted, it should be simultaneous explosion of the GTS at 29 points, and that is an almost impossible scenario.

The EU and the USA through common efforts (including the G7 format) should encourage Russia to accept the following provisions as conditions for ending the sanctions:

- access by an international monitoring group of experts to the border GMS to control export gas flow traffic to the EU and Energy Community countries;
- ensure free gas transit from Central Asia to the EU through the territory of Russia;
- transition to the scheme of Russian gas delivery to the European consumers on the Ukrainian–Russian border, which is also the eastern border of the Energy Community Treaty;
- demonopolization of the Russian gas sector and admission of Russian independent gas producers into the export markets;
- return of Russia to the format of Energy Charter Treaty with its ratification.

If Russia were to refuse to adopt these measures, EU sanctions should be extended to cover the following aspects of hydrocarbon trade and nuclear energy:

- warning Russia about the preventive reduction of gas import volumes from the Russian Federation in connection with its intention to export gas along the western route to China;
- reducing oil, oil products and gas imports from Russia to the EU by 10 per cent in 2015, 12 per cent in 2016, and by 15 per cent in 2017;
- freezing construction projects for new nuclear reactors of Russian design in the EU.

The EU should develop measures to strengthen its energy basis in the following areas:

- boost the creation of an Energy Union within the EU/ECT framework;
- use the combined efforts of the US, Canada and the EU to speed up the arrival of LNG from North America to Europe;
- reject the practice of excluding the pipeline projects of non-EU countries from the Third Energy Package.

Finally, it may be useful to recall European history. Following the liquidation of the demilitarized zone of the Rhineland in March, 1936, Hitler said:

> The march into the Rhineland had been the most nerve-racking 48 hours in my life. If France had then marched into the Rhineland, we would have had to withdraw with our tails between our legs. The military resources that were in our disposal at that time were not appropriate even for modest resistance.[9]

The German Fuhrer was not stopped after the Rhine nor after Sudetenland nor the Anschluss of Austria, and so war began.

[9] A. Bullock, *Hitler: A study in tyranny*, London: Odhams, 1952, p. 135.

Alena Šalamonová

Slovak V4 presidency priorities, goals and key achievements in energy

Abstract: *Slovakia took over the presidency of the Visegrad group during a period marked by significant energy security challenges particularly due to the Russian–Ukrainian crisis which resulted in the disruption of the gas supply from Russia to Ukraine and reduced gas flows to several EU countries. Furthermore, tough negotiations on the climate and energy framework up to 2030 within the EU were finalized and resulted in ambitious targets on reducing greenhouse gases, developing renewable energy sources and improving energy efficiency. The long term fruitful and mutually beneficial cooperation among Central European countries has again proved that the V4 is a guarantee of stability in the region, due to its ability to speak in one voice within the EU and on world platforms in many areas of the energy sector. The main goals, projects and achievements of the Ministry of Economy within the Slovak presidency are described in detail in the context of both regional and EU energy strategies relating to national energy sector features of the individual V4 countries.*

"A Dynamic Visegrad for Europe and the World." It was under this slogan that Slovakia took over the presidency of the Visegrad group from July 2014 to June 2015. The slogan reflects Slovak interest in strengthening competitiveness and economic growth throughout the Visegrad region. In the 1990s the V4 countries worked hard to integrate the V4 country energy systems into a single EU energy market as a key prerequisite to joining the European Union. A good example of successful V4 cooperation was the establishment in 1992 of CENTREL, an association comprising the V4 electricity transmission system operators (TSOs), in order to link up with western European countries in 1995–1997 following implementation of the necessary technical requirements. At the same time, the V4 countries devoted

Šalamonová, A., "Slovak V4 presidency priorities, goals and key achievements in energy," *International Issues & Slovak Foreign Policy Affairs* Vol. XXIII, No. 3–4, 2014, pp. 37–56.

great effort to adopting the institutional and legal framework that resulted in all the V4 country TSOs gaining membership to the Union for Coordination of Transmission of Electricity (UCTE) in 2001 and European Transmission System Operators (ETSO) – both predecessors of today's ENTSO-e. More than 20 highly productive and dynamic years later, the Visegrad Four has become a respected regional group thanks to the effectiveness of its initiatives. The V4 has now become a very well recognized brand. This is the result of long-term cooperation and coordination of policies vis-à-vis European Union and of working on projects of common interest in many areas of the national economies – especially energy security promotion via diversification of energy sources and routes to ensure a stable oil and gas supply given the current unilateral V4 region dependence on Russian energy sources and the building of a single EU energy market.

Slovak V4 presidency: regional approach respecting national features

The Slovak presidency stresses continuity in implementing priority initiatives as part of the framework of strategic goals laid down during previous presidencies. In 2014 the V4 countries commemorated the 25th anniversary of the fall of the Iron Curtain that resulted in the fundamental changes that took place in the region. The V4 countries also celebrated the 10th anniversary of accession to the European Union.

The government-approved program of the Slovak presidency defines the priorities and goals for all the key areas: foreign policy and European affairs, competitiveness, finance and the economy, external relations, energy security, infrastructure, transport, the social dimension and natural sources.[1]

In terms of energy security, the V4 countries are concentrating on building and modernizing transmission infrastructure for the North–South gas and electricity interconnections, overcoming unilateral dependence on imported energy carriers (gas and oil) and completing the EU single

[1] See "Programme of the Slovak Presidency of the Visegrad Group July 2014 – June 2015: Dynamic Visegrad for Europe and beyond," 2014. Available online: https://www.mzv.sk/App/wcm/media.nsf/vw_ByID/ID_5568499423B69F8DC1257D070042F09F_SK/$File/140701_PROGRAM_SK_V4_PRES_EN.pdf (accessed on December 14, 2014).

energy market – a key element of EU climate and energy policy. The Slovak presidency is also focusing on the regional dimension of the security of gas supplies. It is coordinating the drawing up of common requirements to preserve competitiveness, the security of supplies, employment levels and sovereignty in selecting a suitable energy mix including nuclear and other low carbon indigenous sources.

The Slovak Presidency is concentrating on common procedures in the three major energy areas:

Completion of the EU internal energy market – the V4 contribution

The V4 is continuing cooperation within the V4 Forum for Gas Market Integration over integrating the electricity and gas markets in line with the Road Map for the regional V4 gas market including harmonized implementation of network codes in the gas and electricity sector. In the areas covered by the Regional Initiatives, there is continuing cooperation to establish possible common positions within the related platforms, especially the Central East European Electricity Forum (CEEE Forum), which includes other European countries as well (Germany, Austria and Slovenia). The emphasis is on prompt implementation of projects of common interest (PCI) in the gas, oil transport and electricity sectors. The North–South energy corridors within the V4 are an integral part of the EU internal market and are also of key concern.

The V4 countries are concentrating on building and modernizing transmission infrastructure for the North–South gas and electricity interconnections, overcoming unilateral dependence on imported energy carriers and completing the EU single energy market.

Framework for EU climate and energy policy after 2020

The climate and energy policy framework for 2020 to 2030 is due to be adopted and so EU energy policy was a dominant theme in political discussions in 2014. The outcome of discussions on potential EU objectives in decreasing greenhouse gas emissions, improving energy efficiency and using renewable

energy resources in the EU have a fundamental impact on the direction of energy policy and the energy sector in the V4 in relation to cost effective technology-neutral solutions based on national conditions.

Energy security and enhancing the regional dimension of gas supply security

In this regard, the Slovak presidency is concentrating on effectively coordinating the debates on measures proposed in the European Energy Security Strategy Communication, presented by the Commission in June 2014, to decrease Europe's energy dependency. In relation to enhancing the regional dimension of the security of gas supplies, the Slovak presidency is focusing on elaborating draft common preventive action plans and emergency plans at the regional level in accordance with Council Regulation No. 994/2010 concerning measures to safeguard the security of gas supplies.

The V4 countries are ready to develop issues of energy security in relation to recent events in Russia and Ukraine. Given the complex situation in Ukraine, particular attention is being paid to addressing the issue of the security of supply in the V4 region including neighboring countries.

Cooperation in nuclear energy

Nuclear energy is important in the V4 region and this is expected to increase in the future. It is therefore the intention of the Slovak presidency to coordinate V4 positions within the negotiations on proposed EU legislation that may fundamentally impact on future developments in nuclear energy and its safe and effective use. It will also consider and defend the use of nuclear energy as a resource for achieving the EU's low emission targets and mount a defense against efforts to decrease the competitive position of nuclear energy. Furthermore, it will encourage cooperation and the exchange of information and knowledge between the nuclear regulatory authorities in the V4 countries.

The V4 operates on the sole basis of the principle of regular member state meetings at all levels (prime ministerial, head-of-state, ministerial, expert, and so forth). The Slovak presidency planned for all the energy topics mentioned above to be discussed at high level ministerial and expert events organized by the Slovak Ministry of Economy, which is responsible for joint conclusions and declarations.

One of the most important events organized by the ministry of economy during the Slovak presidency was the V4 energy ministerial meeting held

on November 24, 2014 in Bratislava at the same time as the international conference on the EU Common Energy Policy and the Energy Security of Central Europe (CEEC) organized by the Research Center of the Slovak Foreign Policy Association. This presented V4 energy ministers and the executive director of IEA with an excellent opportunity to discuss the various topics and present their opinions.[2]

Furthermore, all positions on relevant topics are discussed and coordinated at the V4 High-Level Working Group for Energy and the V4 Forum for Gas Market Integration meeting organized on a quarterly basis by the Slovak Ministry of Economy as part of the presidency. The first meeting was held on September 18, 2014 in Bratislava.[3] Many of V4's positions were also discussed, shared and backed by other countries such as the United Kingdom, Romania and Bulgaria at bilateral and multilateral meetings. In addition there is on-going coordination of national positions on proposed EU legislation and on current international energy issues, and the practice of coordination between ministers of environment of the countries affected. Notwithstanding the fact that national views were not always identical, perhaps because of differences in energy mix or in preferences relating to energy sector development, the V4 presidency prepared the shared V4 countries' positions[4] that were supported during negotiations within EU platforms, particularly the EU energy and environment councils and the European Council in October and December 2014.

Key issues and achievements relating to the above mentioned priority areas of the Slovak presidency will be described in the following sections.

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[2] See "Stretnutie ministrov krajín V4 zodpovedných za energetiku," Ministry of Economy of the Slovak Republic, 2014. Available online: http://www.mhsr.sk/aktuality-stretnutie-ministrov-krajin-v4-zodpovednych-za-energetiku/10s144166c (accessed on January 6, 2015).For more information, see the official website of the CEEC conference http://ceec.sk/ (accessed on January 6, 2015).

[3] "Rokovanie Pracovnej skupiny pre energetiku krajín V4 a Plynárenského fóra V4 v Bratislave," Ministry of Economy of the Slovak Republic, 2014. Available online: http://www.mhsr.sk/aktuality-rokovanie-pracovnej-skupiny-pre-energetiku-krajin-v4-a-plynarenskeho-fora-v4-v-bratislave-/10s143766c (accessed on December 6, 2014).

[4] "Joint Statement of the 21st meeting of Ministers of the Environment of the Visegrad Group countries, the Republic of Bulgaria and Romania," Bratislava, September 30, 2014. Available online: http://www.visegradgroup.eu/documents/official-statements (accessed on January 6, 2015).

2030 climate and energy policy framework: V4 views within EU context

The first half of the Slovak presidency was devoted to discussion and coordination of positions on climate and energy policy, the principles of which were defined by the European Commission in March 2014. The commission proposed a 2030 target for greenhouse gas reduction of 40 per cent of the 1990 level, an increased renewable energy share of 27 per cent and improved energy efficiency of 30 per cent.[5] The V4 countries agreed and then presented their position that a single greenhouse gas reduction target is most effective for ensuring a low carbon economy, but argued that 40 per cent was very ambitious. The V4 countries expressed concern that the proposed renewable energy and energy efficiency targets would require costly measures at the national level, possibly resulting in energy price increases and that this would consequently jeopardize national industrial competitiveness and make customers vulnerable, especially households and small companies. Furthermore, these ambitious targets would not guarantee sovereignty over the national energy mix.

The commission proposed a 2030 target for greenhouse gas reduction of 40 per cent of the 1990 level, an increased renewable energy share of 27 per cent and improved energy efficiency of 30 per cent.

The main points of the V4 coordinated position at the October European Council were as follow[6]:

[5] See "Communication from the Commission to the European Parliament and the Council. A policy framework for climate and energy in the period from 2020 to 2030," COM(2014) 15 final, January 22, 2014. Available online: http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52014DC0015 (accessed on January 22, 2014); see also: "Communication from the Commission to the European Parliament and the Council. Energy efficiency and its contribution to energy security and the 2030 framework for climate and energy policy," COM(2014) 520 final, July 23, 2014. Available online: http://ec.europa.eu/energy/sites/ener/files/documents/2014_eec_communication_adopted_0.pdf (accessed on July 25, 2014).

[6] "EUROPEAN COUNCIL – Conclusion, 23–24 October 2014," EUCO 169/14, October 2014. Available online: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/145397.pdf (accessed on December 6, 2015).

a. There is a common preference for setting a single target, that is, a target for emissions reduction. However, the importance of improving energy efficiency to enhance energy security is recognized.
b. Member state sovereignty over the national energy mix has to be fully respected when considering and elaborating all elements of the 2030 package; the setting of a target of 27 per cent renewable energy share could be viewed as an infringement of this right under certain conditions.
c. The 2030 framework has to take into account the potential negative impact on the competitiveness of EU industries. Carbon leakage measures should be maintained as an important part of the overall compromise. Due compensation mechanisms have to be put in place.
d. A technology neutral approach is important and the role of indigenous sources has to be recognized. Coal, nuclear energy and unconventional natural gas sources will be important in the V4 region energy mix in the future.

As mentioned above the V4 countries' position prepared by the Slovak Ministry of Economy was also shared and discussed with the United Kingdom, Bulgaria and Romania at many ministerial or state-secretary meetings with interested countries, coordinated by the Slovak presidency and regularly organized in Bratislava and Brussels. This wider V4++ platform agreed many consensual points that were mutually supported at the European Council in October 2014. Consequently, this wider effort coordinated by the Slovak presidency led to many of our proposals being part of the 2014 October Council conclusions. In particular, the 27 per cent target for renewables was adopted as a non-binding target at the national level, while the 27 per cent target for energy efficiency was set as an indicative target. Furthermore, the platform succeeded in ensuring new funding will be available at the EU level in support of this. Full sovereignty over the national energy mix is also guaranteed.[7] Thus the targets of the 2030 climate and energy policy framework agreed by the October European Council V4 countries can be considered ambitious but achievable.

[7] Ibid

Energy security of the V4 region in the context of EU energy policy

In response to the emerging geopolitical situation, especially the Russian–Ukrainian crisis and the EU's import dependence (more than 50 per cent of the EU's energy needs are met by external suppliers), the European Commission unveiled its new European Energy Security Strategy in mid-2014. Its main points include diversifying external energy supplies, upgrading energy infrastructure, completing the EU internal energy market and saving energy. The strategy also highlights the need to coordinate national energy policy decisions and the importance of speaking with one voice when negotiating with external partners.[8] The EU and V4 have done much to improve energy security in the aftermath of the 2009 gas crisis. Yet, it still remains vulnerable and proposals were the subject of discussion at the European Council in June 2014.[9]

The EU and V4 have done much to improve energy security in the aftermath of the 2009 gas crisis.

The commission proposed comprehensive risk assessments (stress tests). These will be conducted on the regional or EU level by simulating disruption of the gas supply in winter.

To address challenges to the medium- and long-term security of supply, the commission proposed action in several key areas, for instance, completing the internal energy market and building required infrastructure links are essential to responding quickly to a supply disruption. Member states have already committed to ensuring interconnectivity of 10 per cent by 2020, diversifying supplier countries and routes by developing North–South corridors and the Mediterranean Gas Hub. They will also increase LNG supplies, strengthen emergency and solidarity mechanisms,

[8] "Communication from the Commission to the European Parliament and the Council. European Energy Security Strategy," COM(2014) 330 final, May 28, 2014. Available online: http://www.europarl.europa.eu/meetdocs/2014_2019/documents/itre/dv/com_com%282014%290330_/com_com%282014%290330_en.pdf (accessed on January 20, 2015).

[9] "EUROPEAN COUNCIL. Conclusions, 26–27 June 2014," EUCO 79/2014, June 27, 2014. Available online: http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/143478.pdf (accessed on June 28, 2014).

protect critical infrastructure by reviewing provisions and implementation of the regulation on security of gas supply. Furthermore, they will increase indigenous energy production, improve coordination of national energy policies, speak with one voice on external energy policy, further develop energy technologies and increase energy efficiency in order to decrease energy dependency.[10]

The V4 countries are in a better position regarding energy security compared to during the gas crisis in 2009. This is mostly thanks to commonly implemented measures including instituting reverse gas flows on the Czech–Slovak and Austrian–Slovak borders and the building of new pipelines. The reverse flow to Ukraine has improved security throughout the region. However, there is still much that can be done to improve security, particularly to deal with any prolonged disruption to gas supplies. Building the required infrastructure along the North–South corridor is one solution. Speeding up construction of common interest projects is a solution (see the following section) that would increase diversification of sources and routes in gas, oil and electricity.[11]

The Ministry of Economy under the Slovak presidency coordinated the common V4 position, including the views mentioned above, at the October European Council and many of our proposals were adopted in the European council conclusions.[12]

At the EC's behest, the V4 countries performed stress tests to indicate persistent vulnerability especially in a situation where there was long-term disruption to the gas supply.

As part of Slovak presidency plans to expand the regional dimension of gas supply security, the Ministry of Economy, in cooperation with V4 TSOs, produced a draft document, as part of the V4 Gas forum agenda, entitled "Joint risk assessment of gas supply" as part of its responsibilities under article 9 of Regulation no 994/2010 of the European Parliament and of the Council of October 20, 2010, concerning measures to safeguard security

[10] "Communication from the Commission to the European Parliament and the Council. European Energy Security Strategy," op. cit.

[11] See the outputs of the CEEC 2014 conference at ceec.sk. See also "EU nuclear energy policy developments expected in 2013," FORATOM, February 2013. Available online: http://www.foratom.org/publications/nuclear-policy-summaries/8585-eu-policy-developments-2013-1/file.html (accessed on December 14, 2014).

[12] "EUROPEAN COUNCIL – Conclusion, 23–24 October 2014," op. cit.

of gas supply and repealing Council Directive 2004/67/EC.[13] This working document will be the subject of further wider V4 discussion and will form the basis of future cooperation in promoting gas supply security in the region. V4 countries are also working together to harmonize implementation of the mandatory Network Codes for gas transmission system operators.

Internal energy market integration – key role of infrastructure development

Completing market integration is a key element in EU energy security as part of the Energy and Climate policy for 2030. In the V4 region in particular, diversification of energy suppliers and routes is an essential prerequisite to achieving a reliable and secure energy supply market that is integrated into the wider EU market. The Slovak presidency considers the building of the required infrastructure along the North–South energy corridor a most important issue requiring concerted regional cooperation. Following joint efforts, cross-border gas interconnection projects that are part of the North–South corridor were put on the list of "projects of common interest (PCI)" and allocated financial support from the EU funding mechanism "Connection Europe Facility (CEF) in 2013 under Regulation No 347/2013 on guidelines for trans-European energy infrastructure."[14]

North–South energy corridor projects

The gas interconnection between Slovakia and Hungary, the initial section of the North–South corridor, is of great importance for both countries because it provides a connection to the southern European infrastructure and thus increases gas market liquidity. Construction is in the final stages and commercial operation is planned for the beginning of 2015. The two-way pipeline runs for approximately 111 kilometers (of which 92.1 km is on

[13] "Regulation (EU) No 994/2010 of the European Parliament and of the Council of 20 October 2010 concerning measures to safeguard security of gas supply and repealing Council Directive 2004/67/EC Text with EEA relevance," 2010. Available online: http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32010R0994 (accessed on December 14, 2014).

[14] Regulation (EU) No 347/2013 of the European Parliament and of the Council of 17 April 2013, on guidelines for trans-European energy infrastructure, Official Journal 2013. Available online: http://eur-lex.europa.eu/legal-content/en/TXT/?uri=celex:32013R0347 (accessed on December 14, 2014).

Hungarian territory and 18.6 km on Slovak territory) and has an annual transmission capacity of 5 billion cubic meters. Total investment is now over 160 million euros and the project received 30 million euros of financial support from the European Energy Program for Recovery (EEPR).[15]

Another section of the North–South corridor is the gas interconnection between Slovakia and Poland. A governmental agreement on cooperation between the Slovak Republic and Poland over construction of the Slovak–Polish gas interconnection was signed in Bratislava on November 22, 2013. The 164 km long pipeline will connect the Polish gas system at Strachocina near the Polish gas storage facility and Veľké Kapušany compressor station in Slovakia. The gas pipeline runs for 106 km through Slovakia territory and 58 km on the Polish side. Joint efforts led to the "Preparatory Studies and Engineering Works for the Poland–Slovakia Gas Interconnection" being selected to receive financial assistance of 4.6 million euros under CEF-Energy on November 21, 2014.[16] The project is currently in the preparatory stage. In November 2014 coordinated cross-border cost allocation decisions were issued by both the Polish and Slovak National Regulatory Authorities (NRAs) in accordance with Regulation (EU) No 347/2013, and ACER Recommendation No 07/2013. Commercial operation is planned for 2018/2019. Since construction will be financially demanding, a Slovak–Polish application for financial support for construction using EU funds will be submitted during the next phase of CEF to be approved by the European Commission in 2015.[17]

The Slovak presidency considers the building of the required infrastructure along the North–South energy corridor a most important issue requiring concerted regional cooperation.

Both projects are important components of the North–South gas corridor of Central and Eastern Europe and will help improve energy

[15] "SK-HU interconnector," Eustream. Available online: http://www.eustream.sk/en_transmission-system/en_sk-hu-interconnector (accessed on January 23, 2015).

[16] "List of actions selected for receiving financial assistance under CEF-Energy as of 21 November 2014." Available online: http://ec.europa.eu/energy/sites/ener/files/documents/20141121_cef_energy_lists.pdf (accessed on December 14, 2014).

[17] "Polish – Slovak gas interconnector," Eustream. Available online: http://www.eustream.sk/en_transmission-system/en_pl-sk-interconnector (accessed on January 23, 2015).

security not only in these countries but also throughout Central Europe by interconnecting LNG terminals in Poland and Croatia. It is worth underlining that this project will result in greater diversity of gas supplies and thereby increase gas market competition. Another contribution made by the Slovak presidency in relation to removing obstacles to common regulation was cooperation over implementing network regulations within the V4 Forum for Gas Market Integration. Furthermore, under the Slovak presidency, the V4 gas forum agenda includes all the above gas diversification projects as well as preparation of draft joint Preventive Action Plans and Emergency Plans for improving energy security. The V4 gas forum usually convenes three times a year, usually back to back with the V4 energy group.

In working together to improve security of crude oil supplies in the V4 region, the focus is primarily on diversification of delivery sources and routes. Projects of this nature are the Adria oil pipeline reconstruction, greater utilization of the Druzhba (Friendship) oil pipeline and the Bratislava–Schwechat connection.

Reconstructing the Hungarian and Slovak sections of the Friendship 1/Adria is of regional interest and will bring greater energy security to the V4 region as a whole. Transpetrol and MOL Group are to complete reconstruction of the Friendship 1/Adria Oil Pipeline at the beginning of 2015. This energy investment is of strategic importance to Central Europe. The pipeline's annual capacity will significantly increase from 3.5 million tons to 6 million tons a year. This investment will mean that the oil needs of Slovnaft, the Slovak refinery, will be met from the Adriatic. As a result of this strategic investment, Hungary, Slovakia and the Czech Republic will now be able to further diversify their energy supplies, thus significantly improving regional energy security. In March 2014, MOL Group and Transpetrol started to fully renovate and increase the capacity of the Friendship 1/Adria oil pipeline opened in 1962. The pipeline runs for 119 km through Hungary and 9 km through Slovakia. The total cost of investment is 80 million US dollars. In addition to reconstructing the Friendship I/Adria pipeline, capacity will also be increased on the Hungarian section of the Adria oil pipeline, connecting the Adriatic Sea with Slovakia, and increasing the volume from its present annual 10 million tons to 14 million tons.[18]

[18] "MOL Group and Transpetrol completed the reconstruction of the Friendship I/Adria Oil Pipeline," MOL Group. Available online: http://molgroup.info/en/press/press-releases/3109-mol-group-and-transpetrol-completed-the-reconstruction-of-the-friendship-i-adria-oil-pipeline (accessed on January 23, 2015).

Hungary's and Slovakia's security of supply has therefore significantly improved and their unilateral dependence has decreased. The section with extended capacity may well contribute to the Czech Republic's security of supply as well – via this route, Czech refineries can also receive crude oil from a new source.

Possessing sufficiently developed cross-border electricity interconnections is the key precondition to completing the internal electricity market and removing bottlenecks and loop flows in the region. The Slovak–Hungarian interconnections that are included among EU projects of common interest are the 400 kV lines between Gabčíkovo–Gonyu and Rimavská Sobota–Sajoivánka. They will contribute to the secure operation of the electricity network and increase the net transmission cross-border capacity easing electricity transit in a north–south direction. The project preparation study received funding of 188,959 euros from the CEF mechanism.

In November 2014 the Slovak, Czech, Hungarian and Romanian electricity markets were integrated into a single short-term electricity market via a "market coupling" mechanism. This is the second large market of this type in Europe and it makes for better and more effective utilization of cross-border electricity interconnection capacities. At the same time, under the Slovak presidency, there was a great deal of information exchange and coordination activities are ongoing within Central–West European and Central–East European fora covering both regional markets – the Central European electricity market (Czech, German, Austrian, Slovak, Poland, Hungary and Slovenian) and the Central West European electricity market (Dutch, Belgian, Danish, German, French and Austrian). The common goal is to merge both regional groups into a wider electricity market utilizing a flow-based method which respects physical flows to avoid grid overloading. However, there are still many obstacles to reaching this goal, especially the lacking north–south infrastructure, which leads to overloaded cross-border lines due to the substantial expansion in renewables in northern Europe.[19]

Reverse flows to Ukraine

In mid-2014 as a consequence of the Russian–Ukrainian crises, the gas supply from Russia to Ukraine was interrupted. In order to maintain stability in the region, several possibilities were considered at both high and expert

[19] ČEPS, a.s. response to the ACER public consultation on the influence of existing bidding zones on electricity markets, September 30, 2013.

level meetings between the Ukrainians, Slovaks and the EU. Coordinated effort meant a suitable technical solution for reverse flow was found and the preparation work for the project undertaken in a very short time. The reverse flow project between Uzhgorod and Vojany was officially launched by the Slovak and Ukrainian prime ministers and leading EU representatives on September 2, 2014. That year also saw the interconnection deliver 5 billion m^3 of gas; however, its capacity is much higher. In 2015 gas delivery is expected to increase to 14 billion m^3.[20] This and domestic gas production of around 20 billion m^3 will cover 80 per cent of domestic consumption (42.5 billion m^3 in 2014).

The reverse flow to Ukraine significantly increases stability in our region and is a real practical declaration of Slovakia's solidarity principles.

The reverse flow to Ukraine significantly increases stability in our region and is a real practical declaration of Slovakia's solidarity principles. Understanding the needs of other countries so they can reduce their vulnerabilities, adopting a constructive approach to solving issues and adopting specific measures are the basic features of solidarity in relations among the European regions.

The role of nuclear in V4's future energy mix – contribution to low carbon economy

Nuclear energy is important in the V4 region and its use can significantly contribute to achieving a low emission energy mix in line with the Climate and Energy Policy framework for 2030 agreed by the European Council in December 2014. In Slovakia 55 per cent of electricity is produced from nuclear sources, while the figure for the Czech Republic is 35 per cent, 51 per cent for

[20] "Ukrajina chce výraznejšie znížiť podiel Ruska na svojej spotrebe plynu," *energia.sk,* February 4, 2015. Available online: http://energia.dennikn.sk/spravodajstvo/zemny-plyn-a-teplo/ukrajina-chce-vyraznejsie-znizit-podiel-ruska-na-svojej-spotrebe-plynu/15561/?infoservis=1163 (accessed on February 4, 2015). See also: Tranzit plynu cez Ukrajinu vlani klesol takmer o 28 %, dovoz o 30 %," *energia.sk,* February 4, 2015. Available online: http://energia.dennikn.sk/spravodajstvo/zemny-plyn-a-teplo/tranzit-plynu-cez-ukrajinu-vlani-klesol-takmer-o-28-dovoz-o-30/15600/?infoservis=1166 (accessed on February 4, 2015).

Hungary and in the EU it averages 25 per cent.[21] Furthermore, in countries highly dependent on the import of fossil fuels, the utilization of nuclear energy may reduce risks associated with dependency on fuel imports.

In order to guarantee energy security, the V4 country governments support the long-term use of nuclear because they are aware of its importance as a stable energy source, particularly in times of crisis caused by fuel delivery disruption. V4 countries will support an EU energy policy that does not negatively impact on the use of nuclear energy as an important element in a low carbon energy mix. They will provide a stable and predictable regulatory framework as an essential instrument for facilitating investment in this area and will support research and development of further advanced and safe new generation technologies, for example, the Allegro project outlined in Slovakia's newly adopted energy policy.

In Slovakia the building blocks of the newly adopted energy policy are low carbon technologies, including nuclear, with 80 per cent of electricity continuing to be generated without producing greenhouse gas emissions until 2030. Safe nuclear energy use in V4 countries that use nuclear energy is guaranteed by the exceptionally extensive knowledge and long-term experience of the experts employed at all stages of the nuclear cycle, such as design, construction, operation and decommissioning and also by maintenance of a high operational standard.

V4 countries support the general principle of technological neutrality as a basic element in assessing state aid rules and measures. There should be no discrimination of low carbon energy mix options or those that contain elements of these. Furthermore given the geopolitical situation, we consider the nuclear component in the energy mix to be a stable source that ensures the V4 energy sectors are sustainable, secure and financially acceptable.[22]

European Energy Nuclear Forum

In order to exchange experience in planning, projecting and solving nuclear issues, the European Commission and the Czech and the Slovak Republics established a joint initiative – the European Nuclear Energy Forum (ENEF). The last nine ENEF meetings in Prague and Bratislava provided participants with a chance to discuss in depth the opportunities and challenges associated with

[21] "Nuclear power in the European Union," World Nuclear Association, December 2014. Available online: http://www.world-nuclear.org/info/Country-Profiles/Others/European-Union/ (accessed on February 4, 2015).

[22] See CEEC official website.

the current use of nuclear energy and future developments. The outcomes of the working groups contributed to a wide range of analysis covering nuclear energy related issues including the economy, safety and transparency. Plenary meetings highlighted the prospects for continuing nuclear power programs in several EU countries and brought together leading representatives from many countries – prime ministers, ministers, state secretaries, ambassadors, MEPs, EESC members, CEOs, as well as commissioners, director-generals and deputy director-generals from the European Commission ,who helped to share the outcomes of the working groups with the various stakeholders.[23] This underlines the general feeling among participants and stakeholders that the ENEF has a justified place among the energy forums as a nuclear-specific platform and has been successfully fulfilling its goals and delivering outstanding results.

Under the Slovak presidency V4 countries are convinced that nuclear energy can greatly contribute to the EU meeting its decarbonisation and energy security objectives.

Under the Slovak presidency V4 countries are convinced that nuclear energy can greatly contribute to the EU meeting its decarbonisation and energy security objectives. This being the case, it requires its own forum within which nuclear-related topics can be researched and discussed in a transparent and equitable manner as is the case with the ENEF meeting held in May 2014 and to be continued in May 2015 in Prague.[24]

Energy union creation – main pillars and key ideas behind the new approach

Following the many changes on the European and global geopolitical scene in 2014, the newly appointed European Commission devoted particular

[23] ČEPS, a.s. response to the ACER public consultation on the influence of existing bidding zones on electricity markets, op. cit.

[24] "ENEF," Foratom. Available online: http://www.foratom.org/eu-policy/eu-energy-strategy.html (accessed on January 23, 2015). See also "ENEF Opportunity Working Group." Available online: http://www.snetp.eu/wp-content/uploads/2014/04/sessioni.speaker2.mr_.jppreplc-opportunitiesenefwg.pdf (accessed on January 23, 2015).

attention to the importance of the energy sector for the EU economy as a whole. This resulted in the new "Energy Union with a forward-looking climate policy," part of the "Strategic Agenda for the European Union in Times of Change" adopted in 2014 as part of the June European Council conclusions.[25]

Geopolitical events, worldwide energy competition and the impact of climate change are triggering a rethink of the EU's energy and climate strategy. Europe relies greatly on fuel, and gas imports should be avoided. To ensure Europe's energy future is under full control, it is necessary to build an energy union aimed at procuring affordable, secure and sustainable energy. Energy efficiency is essential, since the cheapest and cleanest energy is that which is not consumed. "I want to keep our European energy market open to our neighbors," said Jean Claude Juncker in his political guidelines in July 2014 and continued "However, if the price for energy from the East becomes too expensive, either in commercial or in political terms, Europe should be able to switch very swiftly to other supply channels. We need to be able to reverse energy flows when necessary."[26]

In light of this challenge, EU energy and climate policies for the upcoming five years must focus on affordable energy for companies and citizens by moderating energy demand through enhanced energy efficiency and by completing the integrated energy market. Securing energy for all countries requires acceleration of the diversification of energy supply and routes, including renewable, safe and sustainable and other indigenous energy sources, as a means of reducing energy dependency, notably on a single source or supplier. Sustainable energy is to be achieved by meeting 2030 low carbon, renewable and energy efficiency targets.

Maroš Šefčovič is the new commissioner responsible for working out the new concept in detail by the first quarter of 2015 and he envisages an energy union built on the following five pillars:

1. energy security based on solidarity, trust and speaking with one voice;
2. a completed energy market to connect the whole of Europe;
3. demand moderation to improve energy security and keep bills in check;

[25] "EUROPEAN COUNCIL. Conclusions, 26–27 June 2014," op. cit.

[26] J-C. Juncker, "A new start for Europe: my agenda for jobs, growth, fairness and democratic change," Strasbourg, July 15, 2014 http://ec.europa.eu/priorities/docs/pg_en.pdf (accessed on January 23, 2015).

4. decarbonisation of energy mix and making Europe the global leader in renewables; and
5. leading efforts in research and innovation and green growth.[27]

There is a need to reform and reorganize Europe's energy policy into a new resilient European energy union

The energy union is a new EU concept and so it will be matter for further discussion and exchange of opinion among V4 countries during the next term. There will also be a need to coordinate V4 positions in early 2015.

Major achievements under the Slovak presidency and future V4 cooperation

Cooperation in energy is a crucial item on the Visegrad group agenda. Under the Slovak presidency, the V4 countries found themselves in a period during which the EU was developing its energy policy, when there were tough negotiations on the 2030 framework at the European Council level, and members of the European Commission with direct relevance to the energy sector and energy union had been newly appointed. Furthermore, all this took place while they were dealing with risk of gas supply disruptions from the Russian Federation and the conflict situation between Ukraine and Russia, knowing the risks of this conflict still persist. The meeting of V4 energy ministers held in November 2014 in Bratislava under the auspices of the Ministry of Economy under the Slovak V4 presidency was an excellent opportunity to exchange views and evaluate the achievements of V4 cooperation concerning the Energy and Climate Policy Framework for 2030 adopted by the European Council in October, regional energy security issues and other areas concerning the V4 region.[28]

Given the conclusions adopted by the 2014 October European Council meeting, significant additional effort will be required to meet the ambitious targets for reducing emissions, increasing the share of renewables and improving energy efficiency. The V4 countries succeeded in getting several

[27] See CEEC conference outputs.

[28] See "Stretnutie ministrov krajín V4 zodpovedných za energetiku," Ministry of Economy of the Slovak Republic, 2014. Available online: http://www.mhsr.sk/aktuality-stretnutie-ministrov-krajin-v4-zodpovednych-za-energetiku/10s144166c (accessed on January 6, 2015). For more information, see the official website of the CEEC conference http://ceec.sk/ (accessed on January 6, 2015).

of their jointly promoted principles and measures included in the final Council conclusions. In particular, this ensures that the carbon leakage measures will continue, that the EU energy efficiency target will be non-binding, that EU renewable targets will not be translated into national binding targets, that the importance of indigenous sources was confirmed, and that the compensation mechanisms for less economically developed member states and sovereignty over the national energy mix will be maintained. Future cooperation will be devoted to the legislative process following the European Council conclusions.

"V4 label" indicates a sound and reliable platform based on the belief that joint efforts make it easier to seriously contribute to improving energy stability and security in Central Europe.

After exchanging views on the energy security situation at both the national and regional level before the coming winter, the V4 countries concluded that, in general, the level of security of supply in the region was higher than during the 2009 gas crisis, partly due to jointly implemented measures, including the reverse gas flows and new gas interconnectors in the region, especially the reverse flows on the Slovak–Czech border, the connection between the Austrian–Slovak storage facilities, and interconnections along the North-South corridors.[29]

In keeping with the working plan of the V4 Forum for Gas Market Integration, the Slovak presidency drafted a joint risk assessment as preparation for joint regional preventive and/or emergency plans in order to further extend the cooperative approach to enhanced regional security of supply. Furthermore, additional measures were agreed by the V4 ministerial meeting especially regarding the timely implementation of the common interest gas projects and cooperation in implementing European network codes. Following V4's combined effort, financial support of 4.6 million euros from the Connecting Europe facility financial mechanism was approved for the Slovak–Polish gas interconnection. It is of the utmost importance that projects included within the North–South corridor be finalized in order to provide additional sources of gas for the region. The Slovak presidency will further continue to develop other gas projects particularly gas storage facilities in eastern Slovakia

[29] Ibid

as part of the proposed second list of projects of common interest to be approved during 2015.

The agreement reached among Ukraine, the Russian Federation and the European Commission on gas supplies for Ukraine during the current winter period is of utmost importance for the stability of the region. Given the fact that a secure supply for Ukraine and secure transit of gas via Ukraine are important preconditions for security of gas supply in the V4, members expect all parties to adhere to the agreement.

Besides the focus on implementing energy security measures especially continuing development of infrastructure as part of the North–South energy corridor, the Slovak presidency will concentrate on completing energy market integration and on coordinating positions on establishing an energy union. Slovak Ministry of Economy under the presidency will further continue to coordinate all activities, not only among V4 countries but also to extend this cooperation to include other countries such as the United Kingdom or Bulgaria and Romania. Holding regular or ad hoc coordination V4 (or V4+) meetings on essential energy issues is a very good tradition that brings quick and effective results.

The activities and achievements of the Ministry of Economy under the Slovak presidency of the Visegrad group further demonstrate that the "V4 label" indicates a sound and reliable platform based on the belief that joint efforts make it easier to seriously contribute to improving energy stability and security in Central Europe.

Alexander Duleba

Russian–Ukrainian crisis: what next for the Eastern Partnership?[1]

Abstract: *The aim of this article is to outline the consequences of the current Russian–Ukrainian crisis for the future of the Eastern Partnership as a policy framework for the EU and its relations with its six eastern neighbors. Specifically, this article focuses on the consequences the current crisis might have on EU policy towards Georgia, Moldova and Ukraine, the only partner countries that have the capacity to engage with the EU in implementing an Association Agreement with a Deep and Comprehensive Free Trade Area component (AA/DCFTA). The AA/DCFTA represents the core of what the Eastern Partnership has to offer since implementation means the partner country becomes economically integrated into the EU single market.*

When the cease-fire was agreed between Ukraine and the leaders of the Donbass separatists under Russian and OSCE supervision in Minsk on September 5, 2014,[2] the EU and Ukraine agreed with Russia's demand that, first, implementation of the Deep and Comprehensive Free Trade Area (DCFTA)

[1] I hereby declare exclusive responsibility for this article, including the interpretation of the nature of the current Russian–Ukrainian crisis, its consequences for the EU, and finally, the ideas on how to further upgrade the Eastern Partnership as an appropriate EU response to the Russian–Ukrainian crisis. The interpretation of the nature of the crisis and ideas on further upgrading the Eastern Partnership presented in this article were discussed at the *East European crisis: scenarios and EU response* conference organized by the Research Center of the Slovak Foreign Policy Association in Bratislava on October 27, 2014. For more see: http://www.sfpa.sk/en/podujatia/odborne-podujatia/1145 (accessed on February 12, 2015).

[2] "Protocol on the results of consultations of the Trilateral Contact Group, signed in Minsk, 5 September 2014," Organization for Security and Co-operation in Europe, 2014. Available online: http://www.osce.org/home/123257 (accessed on February 12, 2015).

Duleba, A., "Russian–Ukrainian crisis: what next for the Eastern Partnership?," *International Issues & Slovak Foreign Policy Affairs* Vol. XXIII, No. 3–4, 2014, pp. 57–70.

part of the Ukrainian Association Agreement (AA)[3] be postponed for one year (till December 31, 2015); and second, that talks on the Ukrainian AA be carried out in a trilateral EU–Ukraine–Russia format.[4] This creates a precedent that might also have direct implications for Moldova and Georgia.

The following are key questions concerning the Eastern Partnership arising from the current crisis:

1. can Russia stop the implementation of association agreements within the Eastern Partnership by the use of military force (?); and
2. what are the options for the EU response (?).

So far the EU has responded to Russia's aggression against Ukraine by placing sanctions against the individuals responsible for undermining the territorial integrity of Ukraine and by adopting selective sectorial economic sanctions (restrictions on foreign trade in technologies – oil production and double-use technologies – and limitations on the access Russian banks co-owned by the Russian government have to the European capital market).[5] The unresolved question is whether these sanctions and anything else might change present EU policy towards Russia and how that might affect the nature of the Eastern Partnership.

When the EU is confronted with external challenges, it takes time for it to form a critical mass that share a common understanding of what is at stake and how the problem can be dealt with.

In order to identify possible changes in EU policy towards Eastern Europe in the context of the current Russian–Ukrainian crisis, there is a need, first, to identify

[3] The European Commission outlined the nature of a Deep and Comprehensive Free Trade Agreement in its Communications on "Strengthening the ENP of 4 December 2006 – COM(2006)726," and on "A strong ENP of 5 December 2007 – COM(2007)774," and, in particular, in its non-paper on the "ENP – a path towards further economic integration". Available online: http://ec.europa.eu/world/enp/pdf/non-paper_economic-integration_en.pdf (accessed on February 12, 2015).

[4] U. Speck, "Postponing the Trade Agreement with Ukraine: bad move, EU," *Carnegie Europe*, September 30, 2014. Available online: http://carnegieeurope.eu/publications/?fa=56795 (accessed on February 12, 2015).

[5] "EU sanctions against Russia over Ukraine crisis," *European Union Newsroom*. Available online: http://europa.eu/newsroom/highlights/special-coverage/eu_sanctions/index_en.htm (accessed on February 12, 2015).

the nature of this crisis from the EU perspective; and second, to explore why and how this crisis matters to the EU. Of course, there are differences in how the political elites of EU member states perceive and understand the current Russian–Ukrainian crisis.[6] As always when the EU is confronted with external challenges, it takes time for it to form a critical mass of member states that share a common understanding of what is at stake and how the problem can be dealt with. But that is the EU and how it works.

Nature of the Russian–Ukrainian crisis

The current Russian–Ukrainian crisis of 2014 and the Russian–Georgian crisis of 2008 are not and were not accidental or short-term events and they should be taken into account when considering possible further moves in EU Eastern policy, including the Eastern Partnership. They are inevitable outcomes reflecting long-term developmental trends in or concerning Europe following the end of bipolar conflict. If one looks back at what has happened over the last two decades in Europe, one can see that the integration dynamics are completely different in western and eastern halves.

The collapse of the Communist bloc helped to deepen the integration process in western Europe and it also pushed the EU into becoming more engaged in its neighborhood. The former Yugoslav republics look up to the EU as a source of stability and know-how, and of course as a trade partner, and although they experienced several setbacks on their reform processes and paths to the EU, they are clearly not trying to become part of the Russian Federation. Back in 2003, the EU had 15 members compared to 28 today. The successful model of integration adopted by Greece, Spain and Portugal in the 1980s encouraged the EU to share the prospect of enlargement with former communist countries as well (Copenhagen summit, 1993). Preparations for the "grand enlargement" eastward (2004–2007) spilled over into the EC/EU internal agenda and encouraged it into continuing the institutional reform begun in the 1990s (Schengen 1999, Eurozone 2002). The *Lisbon Treaty* (2009) and the institutional design of the present EU could not have become

[6] P. Shakarian, "Sanctions against Russia are dividing Europe more than you think," *Russia Direct*, September 22, 2014. Available online: http://www.russia-direct.org/opinion/sanctions-against-russia-are-dividing-europe-more-you-think (accessed on February 12, 2015).

reality had it not been for the continuing fragmentation of eastern Europe following the collapse of the Communist bloc.[7]

The EU is guarantor of peace and stability in the Western Balkans and is preparing the former Yugoslav republics for their accession. It has deepened its integration by amending its basic treaties (the Schengen acquis became part of the EU treaty in 1999, the eurozone was founded in 2002, and finally, *the Lisbon Treaty* ushering in significant institutional changes entered into force in 2009). It has successfully managed the "grand enlargement" of 2004 incorporating eight former Eastern bloc countries and Cyprus and Malta, followed by the accessions of Bulgaria and Romania in 2007, and Croatia in 2013 (the number of member states has almost doubled over the last decade).[8] And finally, in 2009 the EU proposed that six former post-Soviet countries could deepen and expand cooperation within the Eastern Partnership initiative, including economic integration through implementation of AA/DCFTAs.[9]

Let us summarize. In 1993 the European Communities became the EU as we know it today. The EU, in fact, is 21 not 63 years old! Schengen has been in operation since 1999 (15 years!). The euro, the common currency, has been in circulation since 2002 (12 years!). Before 2004, EU had 15 members, but in the last 10 years the number of member countries has almost doubled to the current 28 (!). The EU was not involved in the Yugoslav crisis of the 1990s, because it did not yet exist in its current shape. However, if the EU had not offered to help modernize the Western Balkans and provide hope that they might join the European Union, they would just have remained a "powder keg." We can rightly criticize the EU for many things; however, the EU remains a unique project in the history of international relations. The fact that Malta with its 400,000 citizens has equal voting rights in EU decisions on legislation and policies to Germany with its population of 80 million is a unique situation that is not found anywhere else in the world today nor in history. The EU in 2014 is a qualitatively different project, internally and externally, to the European Communities before 1993. We need to consider seriously

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[7] For further reading, see R. Bideleux, R. Taylor, eds, *European integration and disintegration: East and West*. Routledge, 1996.

[8] For further reading, see E. Bomberg, J. Peterson, R. Corbett, *The European Union. How does it work?* Oxford University Press, 2012.

[9] "Joint declaration of the Prague Eastern Partnership summit. Prague, 7 May 2009," 8435/09 (*Presse* 78), Council of the European Union, May 7, 2009. Available online: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/er/107589.pdf (accessed on February 14, 2015).

the integration dynamics of the EU over the last two decades and more in order to understand what the EU response might be to the current Russian–Ukrainian crisis.

In eastern Europe the picture is completely different. None of the integration initiatives aimed at creating order in the former Soviet Union, or rather, among some former Soviet countries over the last two decades can be labeled successful.[10] The disintegrated former Soviet Union was supposed to be replaced by the Community of Independent States set up by the presidents of Russia, Ukraine and Belarus in December 1991. Today few recognize what the abbreviation CIS refers to. Russia and Belarus have been trying to renew the common federal state since 1994. Today only Russian and Belorussian experts recall that project. Yeltsin's Russia was unable to implement a successful integration project in the post-Soviet area. Putin's Russia in 2004 came into conflict with its largest ally – Lukashenka's Belarus – the same country with which Yeltsin wanted to create a federation. When we discuss the gas crisis today, let us not forget that it was Belarus who was first to be confronted with the shutdown of its natural gas supply from Russia in 2004 and then again in 2007 and 2010.[11] The first gas war between Russia and Ukraine occurred in 2007 and the second in 2009. Russia used military force on the territory of former Soviet republics during the civil wars in Georgia in 1991 and in Moldova in 1992.[12] Russia employed force again in August 2008 in Georgia and in 2014 and is now using it against Ukraine; however, this time it has also annexed part of Ukrainian territory. We will not even mention Russia's trade wars with Belarus, Georgia, Moldova and

We need to consider seriously the integration dynamics of the EU over the last two decades and more in order to understand what the EU response might be to the current Russian–Ukrainian crisis.

[10] O. Sushko, "The dark side of integration: Ambitions of domination in Russia's backyard," *The Washington Quarterly*, Vol. 27, Issue 2, 2004, pp. 119–31.

[11] G. Caldioli, "Belarus–Russia energy disputes: Political and economic comparative analysis," *PECOB's Energy Policy Studies*, University of Bologna, 2011.

[12] For more see A. Mörike, "The military as a political actor in Russia: the cases of Moldova and Georgia," *The International Spectator: Italian Journal of International Affairs*, Vol. 33, Issue 3, 1998, pp. 119–31.

Ukraine or any other post-Soviet country as it would take too up much space to count them all.[13]

Despite the presidents of Belarus and Kazakhstan signing an agreement to establish the Eurasian Union in May 2014[14] – which both had their own reasons for – nothing changes the fact that in the last 20 or so years Russia has not been able to offer its post-Soviet neighbors a constructive agenda involving standard long-term cooperation based on the principle of equal relations. Hunting for an example of Maltese–German style equal status cooperation in the post-Soviet region in the last 20 years would be pointless. This is the substantial difference between western Europe today, and the post-Soviet region. The contrast between the increasing integration in western Europe versus the continuing fragmentation in the eastern part are trends that are shaping the pan-European agenda, including EU–Russia relations.

It is erroneous to refer to the crisis as a "Ukrainian crisis," since it is no chance occurrence. The crisis is systemic and wholly European.

Comparisons of the dynamics of European integration based on the EU project and integration attempts by the "Russian sphere" in the post-Soviet area in the last 20 years speak for themselves. The two different European worlds had to meet one day. These two different European worlds came to clashes in Ukraine in 2013 and 2014. It is erroneous to refer to the crisis as a "Ukrainian crisis," since it is no chance occurrence. The crisis is systemic and wholly European; it represents a confrontation between the two European worlds that have developed and formed over the last 20 years. As efforts at co-habitation have not been successful and there is only one Europe, confrontation had to occur sooner or later.

There are many myths about the EU approach to post-Soviet Russia. Today in the current 2014 Russian–Ukrainian crisis there is little recognition

[13] For further reading see B. Nygren, *The rebuilding of Greater Russia: Putin's foreign policy towards CIS countries*. Routledge, 2008; A. Wilson, N. Popescu, "Russian and European neighbourhood policies compared," *Southeast European and Black Sea Studies*, Vol. 9, No. 3, September 2009, 317–31.

[14] N. Gvosdev, "Russia's Eurasian Union: part of a master plan," *The National Interest*, June 7, 2014. Available online: http://nationalinterest.org/feature/russias-eurasian-union-part-master-plan-10619 (accessed on February 13, 2015).

of the fact that a decade ago there was an attempt to enter into dialogue and pursue greater cooperation between the EU and Russia. This was called "Common Spaces" and was in operation between 2003 and 2006.[15] The idea behind the Common Economic Space was that the EU and Russia would create a free-trade zone within 15 years. But by the end of 2006 Russia had decided to move away from the free-trade deal with the EU. This was due to several reasons. Russia did not like the "color" revolutions in eastern Europe, while most EU member states were sympathetic. The EU did not accept the Russian request for Gazprom to have privileged status on the EU's gas markets. And of course the then European friends of President Putin, French President Chirac and German Chancellor Schröder, lost their political positions in their home countries.[16] Again, it has to be stressed that the EU included the AA/DCFTA in their 2008 offer to post-Soviet countries partly because Russia decided to walk away from the free-trade deal with the EU at the end of 2006. In his speech at the Munich security forum in February 2007 President Putin communicated his main message as follows: we'll challenge the European system if it does not accept Russia's privileged position (the Russian interpretation of this is "equal" position).[17] In August 2008 Russia showed in Georgia how she would challenge the European system. Let us emphasize that the EU had offered a free-trade deal to Russia back in 2003, long before it proposed its deal for other post-Soviet states.

The EU did not respond by imposing sanctions against Russia during the Georgian crisis in 2008, but decided to give Eastern Partnership countries the opportunity to sign association agreements including DCFTAs; that is economic, not political, integration.[18] The European Union had no other choice; it had to respond somehow. In other words, the EU response to Russian tanks

[15] See A. Duleba, ed., *Searching for new momentum in EU–Russia relations. Agenda, tools and institutions*. Bratislava: Research Center of the Slovak Foreign Policy Association, 2009.

[16] For analysis see D. Trenin, "Russia leaves the West," *Foreign Affairs*, Vol. 87, No. 4, July–August 2006, pp. 87–92.

[17] "Speech and the following discussion at the Munich conference on security policy, February 10, 2007, Munich", *President of Russia*, 2007. Available online: http://archive.kremlin.ru/eng/speeches/2007/02/10/0138_type82912type82914type82917type84779_118123.shtml (accessed on February 13, 2015).

[18] "Extraordinary European Council, Brussels, 1 September 2008. Conclusions," Council of the European Union, October 6, 2008. Available online: http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/102545.pdf (accessed on February 13, 2015).

in Georgia in 2008 was to export the EU legislation into the post-Soviet area. Conflict began in Georgia in 2008, and continued in Ukraine in 2013 and 2014. Long before the mass protests in Ukraine started (November 2013) because of the then Yanukovich government's refusal to sign the AA with the EU, Russia imposed commercial sanctions on Ukraine (August 2013) in order to force the then president of Ukraine to walk away from signing the AA with the EU.[19] This occurred after the EU capitals started to send diplomatic signals (in June 2013) indicating that the imprisonment of the former prime minister of Ukraine, Yulia Tymoshenko, might not prevent the signing of the association agreement with Ukraine during the Eastern Partnership summit in Vilnius in November 2013.[20]

The "Russian tanks" vs. "European legislation" conflict began in eastern Europe following the Russian–Georgian war in August 2008, long before the Ukrainian events started later in 2013. This conflict could have been avoided as it mirrors development trends over the last 20 year in the two parts of post-cold war Europe.

How can we understand the way in which the EU is dealing with the crisis?

Ultimately, despite all the difficulties, including the lack of flexibility over decision-making in external relations, which requires the consensus of 28 member states, the EU became the agenda-setter in Europe, including the East. The EU's achievement in the Western Balkans within the last two decades made it the key international actor in/for Europe. The Western Balkans case illustrates the nature of the EU as an international player. It is not the number of tanks and military aircraft that measures the strength of the EU in European affairs, it is the modernizing access to the EU market it

[19] R. Olearchyk, "Russia accused of triggering trade war with Ukraine," *Financial Times*, August 15, 2013. Available online: http://www.ft.com/intl/cms/s/0/99068c0e-0595-11e3-8ed5-00144feab7de.html#axzz3ReOZ60ym (accessed on February 14, 2015).

[20] Y. Mostovaya, T. Silina, "Russkiy plan, osmyslennyy i besposhchadnyy," *Zerkalo nedeli*, August 16, 2013. Available online: http://gazeta.zn.ua/internal/russkiy-plan-osmyslennyy-i-besposchadnyy-_.html (accessed on February 14, 2015); "O komplekse mer po vovlecheniyu Ukrainy v yevraziyskiy integratsionnyy process," *Zerkalo nedeli,* op. cit. Available online: http://gazeta.zn.ua/internal/o-komplekse-mer-po-vovlecheniyu-ukrainy-v-evraziyskiy-integracionnyy-process-_.html (accessed on February 14, 2015).

offered neighboring countries that makes the EU the strongest foreign policy actor in Europe.[21]

Before the Russian–Georgian crisis in 2008, the string of countries between the EU and Russia could hardly have hoped for anything distantly similar to what the Western Balkans had achieved. Russia's military intervention in Georgia in 2008 came as a shock to EU leaders. The military operation lasted only a few days and the outcome was Russia recognizing South Ossetia and Abkhazia. The EU did not impose sanctions on Russia. Instead it revamped its Eastern policy. In September 2008 EU member states authorized the European Commission to draft a new offer for Georgia and also Armenia, Azerbaijan, Belarus, Moldova and Ukraine.[22]

In December 2008 the European Commission proposed the launch of the Eastern Partnership, which was one of many other new programs and tools developed to expand EU cooperation with eastern Europe including the opportunity to conclude an AA/DCFTA (further to agreement).[23] Let us recall that the essence of this proposal was on the table in March 2008 when it was presented to the remaining EU members by the Swedish and Polish foreign ministers, Carl Bildt and Radek Sikorski.[24] Their aim was to counterbalance the then French president's Nicolas Sarkozy launch of the Union for the Mediterranean during the French Presidency of the EU Council in 2008. In other words: they tried to ensure that eastern Europe did not lose out in EU policymaking. It is questionable whether the Eastern partnership and proposal for deeper integration with the EU would have ever seen the light of day had it not been for Russia's intervention in Georgia in August 2008.

The association agreements offered to Eastern Europe meant that the partner countries will adopt around 95 per cent of the EU economic and

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[21] For an overview of the existing theoretical conceptualizations of the EU as international actor, including the EU capacity to project its power in external relations (as a civilian power, normative power, and/or market power) see Ch. Hill, M. Smith, eds, *International Relations and the European Union*. Oxford University Press, 2008, 2011.

[22] "Extraordinary European Council, Brussels, 1 September 2008. Conclusions," op. cit.

[23] "Communication from the Commission to the European Parliament and the Council. Eastern Partnership," COM(2008) 823 final, December 3, 2008. Available online: http://eeas.europa.eu/eastern/docs/com08_823_en.pdf (accessed on February 14, 2015).

[24] "Polish–Swedish proposal, Eastern Partnership, 23 May 2008," 2008. Available online: http://www.msz.gov.pl/Polish-Swedish,Proposal,19911.html (accessed on February 14, 2015).

trade-related legislation and commit to respecting its democratic rules and political freedoms.[25] Successful legal harmonization would in fact make them a part of the EU single market. The Association Agreement with Eastern partner countries was modeled on the European Economic Agreement (EEA) the EU concluded with Norway, Iceland and Lichtenstein; that is, the signatory countries are not member states but are nevertheless part of the EU single market.

The association agreements offered to Eastern Europe meant that the partner countries will adopt around 95 per cent of the EU economic and trade-related legislation and commit to respecting its democratic rules and political freedoms.

In June 2013 there were strong signals from the EU capitals that an association agreement with Ukraine could be signed at the Vilnius summit in November 2013 despite the continuing misunderstandings with the Yanukovich government concerning the imprisonment of former prime minister Yulia Tymoshenko.[26] Russia was shocked as it had not thought that Ukraine, Georgia or Moldova would ever be ready to sign the agreement with the EU. Moscow responded by imposing trade sanctions against Ukraine in July 2013 to persuade the then president Yanukovych that signing the agreement with the EU was not a good idea.[27] In November 2013 Putin agreed to provide a 15 billion USD loan and to lower gas prices to Ukraine if Yanukovych decided not to sign the agreement.[28] Russia started the military invasion of Crimea on

[25] Author's interview with representatives of the DG Trade of the European Commission who were part of the EU negotiating team for the talks on the AA/DCFTA with Ukraine. The interview was conducted in Brussels on December 5, 2012. For an analysis, see A. Duleba, V. Benč, V. Bilčík, *Policy impact of the Eastern Partnership on Ukraine: Trade, energy, and visa dialogue*. Bratislava: Research Center of the Slovak Foreign Policy Association, 2012. Available online: http://www.sfpa.sk/dokumenty/publikacie/372 (accessed on February 14, 2015).

[26] See Y. Mostovaya, T. Silina, "Russkiy plan, osmyslennyy i besposhchadnyy," op. cit.

[27] "Ukraine and Russia. Trading insults," *Financial Times*, August 24, 2013. Available online: http://www.economist.com/news/europe/21583998-trade-war-sputters-tussle-over-ukraines-future-intensifies-trading-insults (accessed on February 14, 2015).

[28] "Ukraine suspends talks on EU trade pact as Putin wins tug of war," *The Guardian*, November 21, 2013. Available online: http://www.theguardian.com/world/2013/nov/21/ukraine-suspends-preparations-eu-trade-pact (accessed on February 14, 2015).

February 26th, three days after Yanukovych had been overthrown by the Maydan revolution, which in fact started again in November 2013 because he decided not to sign the agreement with the EU.[29] Russia showed that she was ready to use any means available to stop the economic integration of Ukraine with the EU.

EU prime ministers, including those who are against EU sanctions against Russia given the current crisis, repeat that they want just one main thing: more jobs for their voters. More jobs are possible if we have more trade and investment. It might be the case that the prime minister of Portugal disagrees with the prime minister of Poland when it comes to assessing the various political aspects of EU relations with Russia. However, the prime ministers of Portugal and Poland agree that if there is any opportunity in the EU's external relations with other countries for a contractual deal that would facilitate the expansion of the EU's single market, that is, that would bring more trade and jobs, then that would be a good deal. In other words, the offer was made to Eastern Europe with the view that the deal was a win-win one and that it would benefit everyone.

The prime ministers of all the member states agreed that eastern Europe should be offered association agreements with a DCFTA. There are always groups of member states who securitize an issue in international relations trying to get it onto the EU agenda. However, the practice of EU decision-making in external relations shows that members who manage to connect securitized issue with economic benefits for all member states are more successful. Therefore it is often the case that the expansion of the single market becomes the key common ground among member states for finding consensus on EU external relations.

The EU appears to be a heavy-footed elephant on the international scene that might be characterized as follows: it takes too long for it to start moving, but once moving it is very difficult to stop it.[30] The EU responded to Russian tanks in Georgia in 2008 with a consensual decision to expand the single market into the post-Soviet area. In other words, the EU elephant decided to

[29] "Ukraine's revolution and Russia's occupation of Crimea: how we got here," *The Guardian*, March 5, 2014. Available online: http://www.theguardian.com/world/2014/mar/05/ukraine-russia-explainer (accessed on February 14, 2015).

[30] The author was inspired by the use of the metaphor of the EU as an elephant on the international scene in M. Emerson with N. Tocci, M. Vahl and N. Whyte, *The elephant and the bear: The European Union, Russia and their near abroads*. Brussels: Centre for European Policy, 2001. Available online: http://aei.pitt.edu/32565/1/4._The_Elephant_and_the_Bear.pdf (accessed on February 14, 2015).

move into the post-Soviet area following the war in Georgia. That is why the EU is directly involved in the Russian–Ukrainian crisis and will have to adjust its institutions and policies in order to deal with the problem. It will definitely take some time, but no doubt it will happen.

What next for the Eastern Partnership?

The only path along which one can seek out an effective EU policy, including potentially upgrading the Eastern Partnership as a consequence of the Russian–Ukrainian crisis, is one of expansion: expanding the single market and ultimately enlarging the area of the four fundamental European freedoms. The EU cannot give up on what it is and on how it has dealt with European crises in the past and delivered the European integration process for over the last two decades. The EU cannot stop its enlargement policy for the east European nations which are willing to join the project. The only force which could stop EU enlargement in eastern Europe would be if the people of the partner countries were incapable of accepting the necessary and painful reforms or in other words if their political elites were to fail. Under no circumstance would it be Russian tanks. The prospect that the Eastern Partnership could be upgraded should be communicated in the same way as in the past: by rewriting the contractual arrangement or set of arrangements with eastern neighbors that would facilitate expansion of the EU single market in eastern Europe.

When it comes to tactics, the key issue that should be discussed in the EU capitals is member states' standing on trilateral talks with Russia and Ukraine over the Ukrainian AA/DCFTA. First, the EU and Ukraine should not give up on the substance of the association agreement or accept any changes to the agreed provisions of the AA/DCFTA. The EU cannot afford a deal with Russia that would be at the expense of the state sovereignty of partner countries. This should be the clear redline for EU diplomacy. The political part of AA should not become subject to trilateral talks. What might be discussed is extending the transitional periods if selected trade items were to be included in the DCFTA providing Russia had reasonable trade, social and/or economy based arguments. Sanctions against Russia should continue unless solutions can be found for Donbass and Crimea that are acceptable to Ukraine. The EU can only recognize Crimea as part of Russia on the proviso that Ukraine does so first. Nevertheless, the EU should consider the option of promoting

talks between Russia and Ukraine for resolving the technical infrastructural problems facing the people living in Crimea and bearing in mind that the peninsula's electricity, natural gas and water supply are completely dependent on Ukraine and its resources, and second, that Russia should compensate for the moral and material losses of the Ukrainian state, nationals and companies in Crimea. A return to relations with Russia à la business as usual will not be possible unless Russia stops military aggression and using military means to threaten Eastern partner countries.

Second, the challenging task for EU diplomacy will be to use trilateral talks to bring about the more realistic prospect of the launch of FTA talks with Russia/Eurasian Union. The task should be two-tiered; that is, the EU has to be able not only to sustain the association agreement with Ukraine, but also to encourage Russia into engaging with the EU on the FTA deal. The EU can do anything except act against its nature; in other words, it should come up with a positive agenda to offer Russia, but, exclusively within the prospects of moving Russia closer to a contract with the EU that might facilitate expansion of the EU single market. In addition, the EU should also consider a combination of an AA/DCFTA for partner countries with the option of concluding sectorial agreements should Ukraine or any other willing partner country be ready to proceed more quickly in harmonizing with the EU acquis on a particular sectorial policy. Fully implementing the AA/DCFTA will take rather longer for Eastern Partnership countries than it did for the Visegrad countries, i.e. seven to eight years. Realistically it will take around ten years, which is too long. It would be a strategic mistake if the EU did not strengthen its contractual relations with partners in the meantime via sectorial contracts aimed at achieving the main goal: the implementation of a comprehensive AA/DCFTA.

When it comes to the EU's strategy, the main task concerning the AA/DCFTA should be twofold: first, to upgrade the agreement so that the prospect of European membership is available to Ukraine, Moldova and Georgia (countries implementing their association agreements) and second, to focus on the implementation of the agreements, including more robust assistance funding modeled, at the very minimum, on the PHARE program available to Visegrad countries in the 1990s. The EU should invite non-association partner countries, e.g. Armenia, Azerbaijan and Belarus, to engage in sectorial cooperation along the model of ENP Plus tools as proposed by Germany on the eve of its Council Presidency in 2007, including the prospect of concluding sectorial agreements that would facilitate integration of non-association

partner countries into particular sectorial parts of the single area of the four basic EU freedoms.[31]

Finally, the EU should upgrade the Eastern Partnership by adding a security component, albeit not in military terms. First, it should expand the Energy Union it started developing so as to strengthen energy security by involving Ukraine and Moldova, who are European Energy Community members. Second, one element in the Eastern Partnership security component might include state border protection for association partner countries in part to promote their territorial integrity and state sovereignty. In any case, the EU has to come to understand that the Eastern Partnership should be a much more policy-driven process and not just a purely technocratic exercise in harmonization with the *acquis communautaire*. There is too much at stake. The EU's capacity to sustain its identity as a European integration project is being tested in eastern Europe. The current crisis certainly poses questions as to what Europe will look like in 20 years to come but also as to what the EU has achieved within the last two decades.

The current crisis certainly poses questions as to what Europe will look like in 20 years to come but also as to what the EU has achieved within the last two decades.

[31] For analysis of the ENP Plus proposal see A. Duleba, L. Najšlová, V. Benč, V. Bilčík, *The reform of the European Neighbourhood Policy: Tools, institutions and regional dimension*. Bratislava: Research Center of the Slovak Foreign Policy Association, 2008. Available online: http://www.sfpa.sk/dokumenty/publikacie/217 (accessed on February 14, 2015).

Foreign Policy of the Slovak Republic: the impact of socio-cultural and institutional factors

By Juraj Marušiak, Zuzana Poláčková et al., Bratislava: VEDA, 2013. 240 p. ISBN 978-80-224-1305-3

In 2013 VEDA, the publishing house of the Slovak Academy of Sciences in Bratislava published an extremely interesting international relations book entitled *Foreign policy of the Slovak Republic: the impact of socio-cultural and institutional factors*. Edited by Juraj Marušiak and Zuzana Poláčkova from the Institute of Political Science at the Slovak Academy of Sciences, it constitutes a holistic attempt to present a comprehensive institutional and socio-cultural approach to foreign policy using Slovakia as an example. The main aim is to identify the role of state and non-state actors in international relations and in shaping foreign policy in Slovakia and other selected countries. Moreover, it is an interesting attempt to describe the role played in foreign and security policy by the EU, of which Slovakia is a member and hence actively involved in. In order to provide a wide range of commentary, Slovak academics were invited to contribute, as were Polish, Belarusian and American authors.

The book consists of an introduction, 11 chapters and a conclusion. It adopts a problem-based structure, enabling it to deal with several pertinent research issues: the generally understood institutional and socio-cultural determinants of foreign policy; the role of the European Union in developing a common foreign policy after the adoption of the Treaty of Lisbon; contemporary Slovak–Hungarian relations and the issue of the Hungarian minority in Slovak foreign policy; and the creation and implementation of foreign policy in non-EU countries (for example, the United States, Russia and Belarus).

The starting point of the book is Daniel Šmihula's (from the University of Central Europe in Skalica, Slovakia) definition of the status of small states in international relations (Chapter 1). The author develops the thesis that a small country can be a very good place for citizens to live in, better even than a superpower. He believes that the management of small states is generally more transparent, more efficient and simpler than that of large countries, notwithstanding the fact that they have no superpower ambitions. In general, small states are ethnically homogeneous and have higher levels of democracy and citizen participation. Finally, small countries can more readily find their niche in the global economic market. Of course, some critical thinking is required regarding some of the author's assumptions. The Balkan countries indicate that even small countries

may have imperial aspirations, while it is hard to perceive of Slovakia as an ethnically homogeneous state.

In the next chapter, Peter Weiss, from the University of Economics in Bratislava, analyzes the role of the state as primary participant in international relations. He draws attention to the fact that foreign policy is an important factor in a state's sovereignty. He also analyses the conditions which shape foreign policies and the relationship between domestic and foreign policy.

Chapters 3 and 4 are devoted to the role of the European Union in Slovak foreign policy. Dušan Leška, from Comenius University, analyses EU Common Foreign and Security Policy after the Treaty of Lisbon. He describes the origins of the EU's security policy from the 1950s to the present today. He also explores the activities of the European Defense Agency. The final section of the chapter looks at the activities of the Slovak Republic within the framework of EU Common Foreign and Security Policy. In Chapter 4, Radoslava Brhliková, from Constantine the Philosopher University in Nitra, analyses the European External Action Service following the adoption of the Treaty of Lisbon.

Chapter 5 by Norbert Kmeť, from the Slovak Academy of Sciences, is devoted to an analysis of the role of political parties in shaping Slovak foreign policy. The author emphasizes that domestic not foreign policy is the important factor for the majority of Slovak parties. Moreover, Slovak parties still devote little attention to the issues laid out in their election manifestos. The author claims that promoting democracy and security issues is important to Slovak parties such as SDKÚ-DS and KDH, while for ĽS-HZDS these values are not a priority role.

In Chapter 6, Juraj Marušiak analyses the institutional dimension of developing the diplomatic services in Poland and Slovakia. He compares diplomacy in both countries after 2004. He highlights several important issues: the relationship between diplomacy and the world of politics, changes in the organizational structure of diplomacy, establishing a professional education for diplomats, European policy coordination, and the development of public diplomacy.

Chapters 7 and 11 are devoted to problems concerning the difficult Slovak–Hungarian relations. In Chapter 7, Zuzana Poláčková analyzes the issue of the Hungarian minority in Slovakia. She looks at the national revolutions of 1918-1919. The author points out that during the inter-war period the minorities were perceived as a potential threat to peace. After 1945, this problem was incorporated into the international human rights system. According to the author, following Slovak independence in 1993, the issue of the Hungarian minority in Slovakia became an important issue for political stability in Central Europe. In her view, common problems should be solved using political and diplomatic mechanisms, as well as liberal-democratic institutions. Then in chapter 11, Jozef Kiss, from the Slovak Academy of Sciences, presents the determinants of the Slovak–Hungarian

political conflict. The author points out that the Treaty of Trianon, signed in 1920, is still of crucial importance to the Hungarian side, whereas the Slovaks continue to perceive the Hungarians as a threat to their country's territorial integrity. Kiss expresses his opinion that the parliamentary elections of 2010 and 2012 brought relief to the tense relationship; however, it is difficult to predict whether relations will deteriorate again in the coming years.

Chapters 8, 9 and 10 are devoted to the foreign policies of non-EU countries. In Chapter 8, Irina Mikheyeva, from the National Academy of Science of Belarus, examines discourse on Russia's foreign and domestic policy. She observes an increasingly anti-Western rhetoric, along with the growing role of conservative, radical right-wing and chauvinist political circles in Russia. She illustrates this using the example of the Centre for Conservative Studies at the Faculty of Sociology, Lomonosov Moscow State University. The main objectives of this institution include justifying Russia's aggressive policy against its neighboring countries and the former Soviet republics, confronting the Western world, and waging war against the domination of post-liberalism. In chapter 9, Pavol Usov, from the Polish Academy of Sciences, describes the formation and evolution of Belarus's geopolitical orientation since the beginning of the rule of Alexander Lukashenko up to 2008. Before 2000, Russia was the main guarantor of stability in Belarus. This was enhanced by Lukashenko's aspirations of becoming the president of Russia. The article highlights Belarus's changing geopolitical strategy after 2000 – the result of shifts in Russia's foreign policy. At that time Russia began to rebuild its political influence in the region, and Belarus was treated as an integral part of the new empire. According to Usov, current Russian elites are promoting a new "bridge between Russia and the EU" strategy towards Belarus. Chapter 10, written by David Reichardt from Comenius University, is an analysis of Barack Obama's foreign policy. The author emphasizes the positive aspects of the Obama Doctrine, which marks a return to a more pragmatic and multilateral foreign policy, focusing on a coalition building process between allies. On the flip side, the author negatively assesses the rejection of George W. Bush's foreign policy.

Undoubtedly, the analysis of the institutional and socio-cultural foreign policy approach was an accurate move by the authors. It seems to be particularly important in terms of the present stage of the development of international relations, which are characterized by an increased number of participants, including non-state actors, as well as the scope, variety and intensity of international links. An important advantage of the publication is that it considers a thorough selection of literature, including English, Polish and Czech writing, which provides an extensive basis for careful and in-depth analysis of the issues.

The main text is supplemented with summaries of the articles, a bibliography and index of names, which make the publication more accessible and appealing

to readers. The monograph is worth recommending to academics, political science students, lawyers and sociologists. It will certainly appeal to experts and journalists specializing in international issues. The book also fills a gap in the Slovak literature on the social dimension of Slovak foreign policy. It also contributes to other research on Slovak foreign policy and the role of non-state actors, and the phenomenon of "soft power" in international relations.

A small number of articles on Slovak foreign policy after 1993 should be assessed negatively. The Slovak Republic celebrated its twentieth anniversary in the year the book was published. It therefore presented an excellent opportunity to provide a more complete presentation of the origins, determinants and implementation of foreign policy in the years 1993–2013. The book lacks chapters providing a wider perspective on bilateral relations between Slovakia and its neighbors. In particular, the Slovak literature lacks articles characterizing Polish–Slovak relations and their prospects Certainly, greater attention could be paid to analyzing relations between Slovakia and the former Soviet Republics, especially Ukraine, Belarus and above all the Russian Federation, as Slovakia is seen as being the most pro-Russian country in Central Europe. The role of borders and border areas is continually growing. Interdisciplinary research on borders and border areas is becoming increasingly popular among scholars. The publication lacks articles analyzing Slovak cross-border cooperation, which is actually well developed. So far eight European Groupings of Territorial Cooperation have been established, the highest number in Central Europe as a whole. There are also 11 Euroregions functioning on all borders.

Łukasz Lewkowicz
Faculty of Political Science
Maria Curie-Skłodowska University in Lublin

Representations of global poverty: aid, development and international NGOs

By Nandita Dogra, London and New York: I.B. Tauris, 2014, 233 p, ISBN 978-1-78076-773-4

Representations matter. If social science students can agree on this, then a new book by Nandita Dogra, *Representations of global poverty: aid, development and international NGOs* is of great importance. She obtained some very interesting empirical results that serve as a starting point for discussion on representations of poverty, not only in Britain but in other donor countries as well.

The book focuses on three parts of the global poverty apparatus. The first is the representations themselves, the second is the INGOs who produce them and the third is the audience and its perception of the representations. In her visual analysis Dogra analyzed several thousand images from twelve large British INGOs, such as Oxfam or Action Aid, using content, discourse, compositional visual analysis and semiotics.

In chapter two, the author shows how the dominant themes – difference and distance – are conveyed through the discursive strategies of infantilization and feminization. Feminization partly occurs through the numerical dominance of the women from the global South in the representations (13 per cent portray women on their own, 17 per cent mother and child) and through the exclusion of men (9 per cent of images), which simultaneously leads to de-masculinization. Children were most often represented (42 per cent), leading to infantilization.

Dogra confirms Mohanty's findings that the women are represented in a homogenizing way as good and traditional, and occasionally as religious. The typical woman has too many children and no support from her husband. Yet at the same time she is represented as good and deserving.

The deserving women appear in non-traditional roles, earning their living through farming or small-scale trading. The problem is that messages of this nature employ a neoliberal logic and portray women as instruments of "development."

> "Such instrumental use of these, largely true, characteristics of women turns the argument of these women's struggles for survival into a question of efficiency rather than of exploitation for specific political and economic ends. Further, these 'myth[s] of women as the most effective anti-poverty agents,' and the consequent

> instrumentalization of women, lead to specific developmental interventions such as self-help micro-credit groups... These interventions nurture 'a depoliticised collective action that is completely non-threatening to the power structure and political action'" (quoted in Batliwala and Dhanraj, 2007, p. 47).

When the women are shown as active agents, their agency is represented as being "out of necessity, for instance because their men have abandoned them." (p. 47) Representations of the men from the global South as bad, irresponsible, local rebel fighters, warlords or corrupt leaders make it possible for the women to be represented as vulnerable and in need of help, but also as the positive opposite of their men who deserve help or investing in.

In general, those from the global South are represented as being both active and passive, while those from the global North are always active. People from the global South are active at the micro (project) level "but they are rarely seen as political activists," (p. 58) unlike ordinary people and INGOs from the global North, who are shown as demanding changes at the macro level in advocacy messages. The messages thus contradict the colonial stereotype of the "lazy native," but reaffirm the stereotype of "'low level' MW [mainstream world, i.e. global South] as against a dynamic, 'high level' DW [developed world, i.e. global North]" (p. 59). I found the same thing in my analysis and can confirm the next point as well. The representations show us as givers and them as grateful receivers following the before-after pattern, in which the problem is first highlighted, then there is intervention from the North and after that a happy ending.

In chapter three, the author criticizes the depiction of the global South as disaster-ridden and rural. Despite criticism of humanitarian or development pornography, 27 per cent of all messages still contain disaster-type images and one can still find mother-starving-child images.

The author then summarizes the debate about representations of poverty. One side objects to the call for positive images claiming that it is necessary to show the potential recipients as being needy in order to obtain money from people in the North and, after all, the starvation is real. The problem is that "[t]he entire question of 'context' remains neglected and the core debate remains stuck on 'negative' versus 'positive' with the latter, containing idealised and happy images, becoming a preferred option. There is little investigation of what positive images say..." (p. 67) Dogra wonders who will show negative images if the INGOs don't. "Instead of an open rejection of 'negative' images, what is required is to question why they work as de-humanizing spectacles. The answer, I contend, lies in the context that is both historical and current, and is largely missing from INGOs messages" (p. 67).

Another distinction between "us" and "them" is created through a rural–urban divide. The North is represented as urban, which is connected to other

attributes, such as modern, historic, rational, "developed," while the South is represented as rural – timeless, ahistoric, close to nature, emotional, low-skilled, "underdeveloped," etc. This difference is created through "showing different settings for DW and MW, geographical symbolism, maps, the lack of urban life, modern symbols... depictions of livestock, as in the Christmas Gifts catalogue." (p. 68–9) The problem is that "the centuries-old colonial connections that brought a significant proportion of MW agriculture into the world economy are completely erased from these depictions... so it remains mysterious why they have not been able to industrialize." (p. 71)

Chapter four focuses on the internal and external causes of poverty and the solutions in INGOs' messages and confirms my research conducted among Slovaks. The internal causes of poverty include corruption, overpopulation and violence. The messages portray the global South as being corrupt. The problem is that they do not mention that corruption can be found around the globe and that the North "plays a role in engendering corruption in the MW through the arms trade, support of dictators, unequal terms of trade, exploitation of natural resources, tax evasion and havens and conditional aid." (p. 77) Another problem is that the messages attribute corruption purely to state actors and not to private companies. Dogra finds an important pattern in which the focus is on corrupt leaders in the South generally, but they are not named, while corrupt leaders from the North are identified and one therefore cannot generalize about the Northern leaders.

Another internal cause of poverty depicted in the British INGOs' images is overpopulation. The messages imply that overpopulation is caused by irresponsible behavior that results in large families and in this way represent the Other as the undeserving poor, which contradicts the deserving poor messages. The problem here is that "this simplistic overpopulation argument does not reflect the extreme disparity in the per capita consumption by one child in the DW, which is equivalent to the consumption by 183 children in the MW" (quoted from Spivak, 2007, p. 80).

The third internal cause is violence, which as I have already mentioned is represented using men from the global South in particular. Violence and corruption are added to the chain of meaning connected with disorder and irrationality, "which in turn justify paternalism and outside leadership." (p. 82)

The messages use "strategies of naturalization and technicalization through medicalization and disaggregation" to represent external causes (p. 83). The disaster messages that still make up a substantial share of the INGOs' messages focus on famines and sudden natural disasters. One problem is that natural disasters are partly man-made through industrialization and because of climate change, and at the same time man-made poverty lowers the capacity of poorer

countries to cope with the sudden disasters (p. 202–3). Another problem is that famines are portrayed as being caused by nature as well, despite the evidence that famines are often man-made. "The focus in these cases is on the scale and urgency of emergency." (p. 84) This diverts attention from political causes and means that the explanation that nature is behind the famine is accepted.

Medicalization, i.e. the conceptualization of a problem in medical terms (p. 85), is visible in the focus on diseases and enables attention to be diverted away from the economic and political factors that are associated with health problems.

Disaggregation (I also found this in my interviews) refers to the detailed elaboration of poverty and its components: "This gives the impression that substantial information is being provided, but obscures the fact that the 'information' is tautological and circulatory. The information, at best, merely splits up the manifest symptoms of a complex issue to show them as various 'causes'" (p. 85). This also technicalizes the issue and diverts attention from macro-level politics.

Dogra further criticizes the way "development" is represented. In the messages "the appropriate model of development becomes (a) short-term 'band aid' through urgent medical and food aid ... and (b) long-term small-scale activities and projects." (p. 87) Here she makes one of the main points in her book: solutions to poverty are de-linked from macro-level realities.

Another important aspect is that representations of "development" fit the consumerist needs in gift catalogs, for example. They contain a feel-good connotation to secure marketing success. For example communities are idealized suggesting mythical cohesion that hides their complexity. "These messages, thus, preclude the inclusion of advocacy content" (p. 90) and are also guilt-free. They do not foster a sense of responsibility among the readers.

Finally, instead of portraying aid as charity, aid is shown as an investment in people's livelihoods, for example through small-scale trade success stories or through helping farmers grow food. Such messages sustain neoliberal logic and remain at the individual level.

In chapter five Dogra focuses on humanity, cosmopolitanism and the human rights that connect us with them and on deviant messages. The problem with humanism is that this approach is based on the notion of duties of humanity. An approach based on justice would, however, look "at poverty as a violation of human rights caused by the culpable conduct of others... the notion of rights is based on a dehistoricized notion of mankind as 'one' which does not accommodate any context of the past and present macro-level connections of the specific set of people." (p. 105)

In her research the author also found several deviant messages that mentioned both the historical and the current relationship between North and South (e.g.

We really should be ashamed of living off Africans). These scant messages break the usual ahistoric humanism "to incorporate real, material historicity." (p. 109) Some of them counter the dominant INGO discourse. The current problems are attributed only to the leaders of the North and to MNCs. The INGOs are thereby represented as neutral outsiders who tackle the existing problems and provide solutions. Such a representation "allows NGOs to keep the focus away from the record of their own ineffectiveness in tackling these problems, which continue to persist despite the long and established history of the INGOs." (p. 116) Also, people from the global South are represented as those who suffer and ordinary people from the North are represented as neutral, not connected to their governments and the MNCs. Thus INGOs and the viewers are the good guys (p. 114).

In chapter six Dogra explains why INGOs communicate the way they do – why they engage in deliberate positivism (showing need with dignity) without representing the context. For Dogra the reasons lie in "the intertwined forces of increased competition, commercialization, marketization and institutional isomorphism." (ibid) She speaks of a so-called coercive isomorphism, which is based on cultural expectations. (p. 140) INGOs perceive the audiences of their images to be homogeneous and treat them as an a priori entity, pragmatically accepting their alleged nature. They do not consider the root causes of poverty to be sexy enough to capture the readers' imagination. The reinforcement of existing myths is considered collateral damage, "a price one has to pay to engage people in the first place." (p. 146)

The author also refers to mimetic isomorphism – the INGOs simply "respond to the increasing professionalization and marketing orientation of their peers and other private organizations by mimicking them." (p. 140) The context in development messages on the other hand "was defined in a fairly narrow sense focusing on the immediate lives of MV people that could be shown spatially in an image." (p. 142)

The messages reflect multiple accountabilities. They show the beneficiaries with dignity, but do not show them as historical subjects as this would supposedly clash with the expectations of a Western audience.

In the last chapter, the author focuses on the audience. She interviewed 12 volunteers, mostly warm INGO supporters. Despite having some reservations about the use of funds, they trusted the messages as coming from a trustworthy source and they also believed the photographs showed reality.

Dogra shows that the respondents had racial expectations with regard to the images – they expected the people in the images would not be white and the color of their skin then leads to the dominant reading of an image.

How the deviant messages were read depended on the age of the respondents. Older respondents perceived images representing colonial history as not truthful

and claimed that they did not understand economics and therefore the effects of colonialism. The middle-aged group considered the images to be true, but negative. The youngsters considered the approach to be a good one and it prompted them to talk about supermarkets, fair trade and connections to their own lives.

Dogra ascribes the approach taken by the young respondents to an education system that does not teach colonial history or excludes other cultures from the curriculum. The history curriculum mainly focuses on the Second World War, Hitler and the Victorians. Therefore they did not feel offended and on the contrary, it enabled them to "appreciate global poverty as their responsibility." (p. 175)

This brings Dogra to an important point: "This clearly implies that there is a potential to experiment and expand the box of charity messages." (p. 181) The middle-aged and young respondents show that deviant messages have "the transformative ability of contextualisation and historicisation" and can "induce indignation and a discourse of justice." (p. 180) Simply put: "discourses can be modified." (p. 183)

This last thought is crucial for the way forward suggested by Dogra. INGOs could use more contextualized political and conflicting messages and this might lead to changes in society. Therefore "the importance of INGOs' messages cannot be emphasized enough." (p. 193) The same is also true of the book. Many of Dogra's arguments are not novel. The importance of politicization and the explanations as to why particular stereotypes are problematic (even when proven empirically) can be found in many of the books and articles she quoted. However, chapter four in particular will be of great use to university lecturers and, more importantly, her empirical results will become a crucial reference for any discussion about representations of global poverty in the years to come.

Tomáš Profant
Institute of International Relations, Prague

Contributors

Jozef Badida is CEO and energy analyst at EpV (www.epv.sk), specializing in EU and V4 energy and climate change policies. Jozef has been active in the gas industry since 2009 when he began working as an energy advisor for GDF Suez management in Slovakia. He has also been responsible for implementing the ITO model at Eustream (Slovak gas TSO) as a member of the Coordination Team. He has been a manager and speaker at various conferences on energy (CEEC, Economic Forum Krynica) and he organized the promotion of RES, energy efficiency and electromobility in Slovakia in 2014. Jozef regularly contributes to various energy-related periodicals, such as European Energy Review, Energy Post or SLOVGAS.

Tomasz Dąborowski is a senior fellow at the Warsaw-based Centre for Eastern Studies – a governmental research institution dealing with analyses and forecast studies of the political and economic situation in Central and Eastern Europe. He specializes in the energy policies of Central and South East European countries. He holds a Master's degree in International Relations from the Warsaw School of Economics.

Alexander Duleba graduated from the National Taras Shevchenko University of Kiev in 1989. From May 1993 to August 1995, he worked as an analyst for the MFA's S lovak Institute for International Studies. Since September 1995, he has been working at the Research Center of the Slovak Foreign Policy Association, and from May 2000, as its director and head of the Eastern Europe research program. In his research he is focused on Slovak and EU foreign policy, Russia, Ukraine and other countries of the former Soviet Union. He is the author of numerous articles, studies and books.

Mykhailo Gonchar is the President of the Centre for Global Studies "Strategy XXI" as well as the Director of energy programs at the NOMOS Center (Sevastopol). From 1994 to 2000 he worked at the National Security and Defence Council of Ukraine, as the senior fellow of the National Institute for Strategic Studies, and as the consultant to the Secretary of National Security and Defence Council of Ukraine. From 2001 to 2006, he worked at the National Oil and Gas Joint Stock

Company Naftogaz of Ukraine as the advisor and the Head of the Department of the Strategy and Deputy Chairman of the Board of JSC UkrTransNafta. He has authored a number of books and articles on energy and security issues in Ukraine and abroad.

Andrii Chubyk is the Executive Director of the Centre for Global Studies "Strategy XXI". In his research activities, he is focused on the global energy market, energy security, energy economics, energy efficiency, sustainable energy development, renewable energy, and unconventional energy. He has participated in several energy research projects. He is also co-editor of the "Methanesphere" e-bulletin and website www.geostrategy.org.ua, as well as the energy expert of the Eastern Partnership Civil Society Forum Working Group 3.

Oksana Ischuk is an energy expert at the Centre for Global Studies "Strategy XXI". She specializes in oil and gas supplies to Europe, renewable energy sources, and energy efficiency. She is co-author of materials within the "Methanesphere" project, articles on the website www.geostrategy.org.ua, and a member of the Eastern Partnership Civil Society Forum Working Group 3.

Alena Šalamonová graduated from the Nuclear Physics Engineering faculty of the Technical University in Prague. She has extensive experience of international cooperation in the energy sector and of liberalizing the electricity market and implementing the regulatory and legal framework in Slovak legislation. Between 2006 and 2013 she worked as Regulatory and Market Affairs Manager at Slovenské elektrárne, a.s. In 2001–2003 she was member of the Board of Directors at SEPS a.s., where she was also General Director for Development and International Cooperation. At present, as principal state counsellor at the Ministry of Economy of the Slovak Republic, she deals with international cooperation and is coordinating the Slovak Presidency of the Visegrad Group as well as the preparations for the Slovak presidency of the EU Council in 2016.

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Books

P.J. Katzenstein, *Tamed power Germany in Europe*, Ithaca and London: Cornell University Press, 1997, pp. 195–6.

Articles in journals

I. Samson, "The Visegrad Four: from loose geographic group to security internationalization?," *International Issues & Slovak Foreign Policy Affairs* Vol. XVIII, No. 4, 2009, pp. 57–73.

Articles in Volumes

T. Butko, "Unity through opposition. Islam as an instrument of radical political change," in B. Rubin, ed., *Political Islam. Critical concepts in Islamic studies*, London: Routledge, 2007, p. 26.

Articles in newspapers:

"David Cameron deploys 10,000 more police to stop London riots," *The Washington Post*, August 9, 2011.

Articles available online:

"David Cameron deploys 10,000 more police to stop London riots," *The Washington Post*, August 9, 2011. Available online: http://www.washingtonpost.com/world/cameron-deploys-10000-more-police-to-stop-london-riots/2011/08/09/gIQAqz2B4I_story.html (accessed on August 9, 2011).

Documents

"Joint communication to the European Council, the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Region. A partnership for democracy and shared prosperity with the Southern Mediterranean," COM(2011) 200 final, European Commission/High Representative of the Union for Foreign Affairs and Security Policy, March 8, 2011.

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Staromestská 6/D
811 03 Bratislava
Slovak Republic
Tel.: +421 2 5443 31 57
Fax: +421 2 5443 31 61
E-mail: brezani@sfpa.sk
strazay@sfpa.sk

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