

A Market Between us: Reducing the Political Cost of Europe's Dependence on Russian Gas

EPRG Working Paper 0916

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The conventional wisdom, at least in foreign policy circles, posits a direct and necessary relationship between the level of 'dependence' of Europe on Russian gas and the existence or severity of threats to its political unity and strategic autonomy towards Russia. Europe, so goes the idea, would improve its ability to defend its collective interest vis-à-vis Russia if it reduced its reliance, absolute or relative, on Russian gas.

Since 1990 there has been an impressive reduction in the relative dependence of the EU on Russian gas and the volumes imported from Russia have not grown since 2000. Yet at the same time the perception that Russian gas presents Europe with one of its most pressing geopolitical challenges has spread and deepened.

We propose a new approach emphasising the large differences between Eastern and Western Europe in terms of dependence on Russian gas and the segmentation of the European gas system along national borders. We conclude that the emergence of a single European gas market, where national markets would be integrated through pan-European competitive trading, would significantly reduce the energy security and foreign policy implications of the EU-Russia gas relationship and improve Europe's ability to speak to Russia with one voice.

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Publication May 2009
Financial Support ESRC, TSEC Prog., Grant No. RES-152-25-1002