Introduction
European Union (EU) energy security is confronted with major challenges, such as the depletion of hydrocarbon reserves within Europe, growing regional competition for fossil fuel resources, the combat against climate change and the need to guarantee affordable energy prices. The combination of the underlying political, economic and environmental constraints has increased the importance of supplies of the least carbon-emitting fuel, natural gas, from and through the EU's neighbourhood. While hydrocarbons make up for two-thirds of the EU's energy mix, more than half of this share comes from neighbouring countries (International Energy Agency 2013). However, Member States' energy mixes differ substantially, as do their path-dependent import dependencies and relations with external suppliers. Based on this, Member States feature divergent interests in the field of energy, which is why a common external energy policy did not find its way into the EU treaties and is not clearly spelled out (Baumann and Simmerl 2011). At the same time, repeated conflicts between Europe's main supplier, Russia, and the major transit states, Ukraine and Belarus, have revealed the vulnerability of EU supply security towards politico-economic conflicts in the neighbourhood. Due to the enduring political uncertainties regarding the future of Russia–Ukraine relations, the risk of supply cut-offs remains high. This is particularly true for Central and Eastern European countries, whose energy supply is characterised by a high dependence on Russian gas imports and limited supply alternatives (Kovacevic 2009). In addition, resource nationalism, as well as turmoil and instability, after the Arab uprisings in 2011, have demonstrated the fragility of hydrocarbon supply chains in the southern neighbourhood, in terms of drops in production and attacks on energy infrastructure (EU Institute for Security Studies 2014). Against this background, pursuing an effective EU external energy policy in the neighbourhood has become a major security concern for the EU.

In this context, the EU has multiplied its instruments to export EU energy key norms to its neighbours to liberalise and modernise their energy sectors. The rationale behind the EU’s approach is that reliable supply and affordability of energy are best guaranteed by functioning, interconnected gas and electricity markets, grounded in liberal EU market norms. The major question is, whether and how the EU manages to promote convergence with its energy norms across the neighbourhood.
This chapter provides an overview of the process and outcomes of EU norm export to regulate energy sectors and transnational infrastructure across the neighbourhood. The first section depicts ‘EU External Energy Governance’ as the leitmotif of EU external energy policy in the neighbourhood and its diffusionary logic. The second section unpacks different ‘concentric circles of energy co-operation and integration’, which have come to emerge in Europe’s neighbourhood (Padgett 2011). By analysing the different instruments promoting EU norms through the prism of the two distinct modes of ‘EUnilateral’ and ‘decentred’ EU External Energy Governance, the chapter sheds light on the limits of EU norm export in the neighbourhood in terms of convergence. Drawing on this, it is argued that while the EU can transfer its precise norms in the ‘inner ring’, made up by the Energy Community, it needs to refrain from prescribing pre-defined EU norms to ensure some degree of convergence with its energy norms in the ‘outer rings’, made up of bilateral partnerships and other regional sectorial cooperation frameworks.

**The leitmotif of EU energy policy in the neighbourhood**

In the absence of a codified EU external energy policy, the EU’s strategy to guarantee its energy security in its neighbourhood, and reduce risks along the supply chain, is threefold (European Commission 2011). First, the EU seeks to integrate neighbouring countries into a pan-European market for gas and electricity, based on convergence with EU key norms, rules and standards. The unbundling of gas and electricity sectors, that is, the separation of network operation from production and supply activities, is the linchpin of the EU-envisioned market restructuring. The focus lies on the independent operation of networks, grid access and market-based pricing as opposed to resource nationalism, where the government exerts control over the energy supply chain and prices, as in the cases of Russia, Kazakhstan, Turkmenistan, Algeria and Libya (Fattouh and Stern 2011; Overland et al. 2009). Exporting the underlying EU norms is supposed to stimulate competition and investment of energy companies to guarantee sufficient supply, affordable prices and depoliticise the energy supply chain, thereby contributing to EU supply security and serving as antidote to resource nationalism. The second pillar is the diversification of gas imports and supply routes by strategic projects of ‘common European interest’ (European Parliament 2009), to reduce European vulnerability, especially vis-à-vis its major supplier and transit states. Beyond physical diversification, the EU seeks to prescribe supplies and routes and endow import corridors with a common liberal regulatory transit framework along pipelines, based on EU norms on regulated Third Party Access (TPA), market tariff pricing and investment protection. Third, the EU promotes the deployment of renewable energy sources (RES) and seeks to increase energy efficiency across the neighbourhood. In this context, the EU advocates most for the implementation of European support schemes, which render RES competitive regarding other fuels and increase energy efficiency. Increasing the RES share and the energy efficiency in neighbouring energy sectors can contribute to EU energy security by freeing natural gas and making electricity from RES available for EU imports.

The underlying leitmotif of the EU’s strategy can be subsumed under the notion of ‘EU External Energy Governance’, defined as a process that aims at exporting energy related, EU-centred norms and policies to third countries by different bilateral and regional sectorial instruments. As in other policy fields, the overarching goal of the EU External Energy Governance is a far-reaching and preferably legally binding export of EU norms (Lavenex 2011). The guiding concept is that of a ‘1:1 transfer’, in which neighbours, like candidate countries, first assume EU hard norms, that is, precise rules, directives, laws and standards, going beyond more flexible indicative soft norms in the form of best practices and policy recommendations. Subsequently, they commit themselves to these norms formally on the bilateral or multilateral
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level, before they adopt them without major modification as domestic legislation (Schimmelfennig and Sedelmeier 2005).

However, taking the far-reaching, binding, precise and enforceable outcomes of the norms transfer during the enlargement as the baseline for evaluation of policies in the neighbourhood is misleading, since EU foreign policy faces a very different and far less promising environment in the neighbourhood. First, the bargaining power of the EU is much smaller vis-à-vis neighbours, since the EU’s main incentive of a credible membership perspective is not on offer (Sasse 2005). Second, the identification of elites with the Union and the legitimacy of its constitutive values is lower (Bafoil and Weber 2014). Although politically intended, empirically, it is rarely accurate to speak of norm transfer in the context of the ENP. Different degrees of export are possible, which involve the diffusion of some policy contents and features without ‘copying’ EU norms (Dolowitz and Marsh 2000: 13). In order to grasp this conceptually underexposed grey zone between a 1:1 transfer and no norm export at all, one can rely on the concept of ‘policy convergence’ (Knill 2005). The notion focuses on the ‘similarity between one or more characteristics of a certain policy’ (ibid.: 768). While taking EU-promoted hard norms as the point of departure, the concept moves the analytical focus to the actual outcomes of EU External Energy Governance. The comparison enables analysts to evaluate the ‘degree of convergence’, that is, to what extent outcomes in third countries reflect specific contents, principles and institutional features of EU energy norms.

The two modes of EU External Energy Governance

To promote EU norms to ENP countries, the EU has developed comprehensive, sectorial, regional and bilateral instruments. While differing in their institutional design and policy features, all instruments share the same normative ‘regulatory core’: the EU hard norms and additional soft norms provisions on flexible standards and best practices that are forming the acquis, on which the Internal Energy Market (IEM) is grounded.

In order to make sense of the multitude of instruments and grasp their underlying approaches and limits to promote norm export in the neighbourhood, one can analytically distinguish between two different modes of EU External Energy Governance: an ‘EUnilateral mode’ (Nicolaidis et al. 2014) leaning towards conditionality and homogeneity; and a ‘decentred mode’ (Bechev and Nicolaidis 2010), drawing on joint agency and differentiation.

The EUnilateral mode

Grounded in rational institutionalism and derived from the logic of consequences (March and Olsen 1989), the ‘EUnilateral mode’ assumes that an asymmetrical bargaining power in its favour allows the EU to coerce ENP countries to adopt its norms (Schimmelfennig 2012). According to the logic of consequences, actors choose strategically between available options, based on the evaluation of the consequences of their decisions. From this perspective, convergence with or rejection of EU norms is the result of rational neighbouring governmental actors maximising their net benefits in their relations with the EU.

The Union can alter cost/benefit calculations of government officials by offering credible and tangible incentives, providing the Commission holds a leverage to coerce governmental actors to adopt EU norms. Drawing upon this, the EU offers incentives to third countries in return for the adoption of non-modifiable EU norms. The EUnilateral mode is further characterised by homogeneity in terms of pre-defined criteria for rewarding more advanced countries and overarching instruments, irrespective of the differences among ENP countries. While the
EU unilateral mode has proved to be conducive to export EU norms during the accession process, its conduciveness in the neighbourhood has been put into question from the very beginning, since the incentives on offer are limited, while political and economic costs for governmental actors in ENP countries adopting liberal EU norms and opening their domestic markets are often high (Kelley 2006).

**The decentred mode**

The decentred mode of EU External Energy Governance departs from the insight that EU norm export is not only about cost/benefit calculations. Grounded in sociological institutionalism and derived from the underlying logic of appropriateness (March and Olsen 1989), it is assumed that actors’ interests are not exogenously given, but vary according to their perceptions of what is appropriate behaviour in specific situations. Seen from this perspective, decision-making deliberations of actors on whether to converge with norms, or not, depends on the appropriateness they attach to these norms, which is influenced by underlying ideas, identities and role perceptions.

The EU can influence the decision-making deliberations of governmental actors in ENP countries by persuading them, based on normative suasion (Checkel 2005). Departing from the insight that the ‘access-convergence logic’ underlying the EU unilateral mode, that is, the bargain of access to the EU’s market, funds and institutions in return for adoption of EU norms might not be conducive in the neighbourhood, the decentred mode explores ways to delink both (Bechev and Nicolaïdis 2010). The underlying assumption is that neighbouring governmental officials consider a more decentred EU External Energy Governance to be more legitimate than the EU’s prescriptions based on an access-convergence bargain. Hence, normative persuasion can lead to outcomes, which reflect a certain degree of convergence with EU energy norms, if the EU allows for more joint agency and differentiation.

‘Joint agency’ provides neighbouring governmental actors with an opportunity to jointly carve out policies and institutions within the cooperation process. In this context, one can distinguish further between ‘co-development’, which typically involves government officials on the decision-making, and ‘co-ownership’, which engages experts and bureaucrats on the less politicised operational level. Co-development focuses on the extent to which energy cooperation draws on shared policy goals and broader contents, such as establishing a strategic gas corridor and modernising parts of the supply chain. Hence, it relates to the broader objectives and statements of intention, which denote the direction decision-makers wish to take (Dolowitz and Marsh 2000). Co-ownership raises a second aspect of decentring. It is concerned with the degree to which local actors co-own the processes of shaping specific norms and policies, as well as the instruments and programmes, by which they are promoted. Contrary to the EU unilateral mode, the decentred mode is characterised by differentiation in terms of instruments, institutions and policies, which seek to respond to the specific political and economic importance, capacities and conditions of neighbouring countries.

**The concentric circles of EU External Energy Governance in the neighbourhood**

**The overarching framework: the ENP**

The ENP is the overarching framework of EU norm export. Energy is only one policy field among others in the EU’s comprehensive approach, but has always been high on the ENP
The ENP and energy agenda and became the ‘driver of the ENP’ due to repeated Russo-Ukrainian gas conflicts (Ferrero-Waldner 2006).

The initial communication outlining the ENP approach already stressed the need for interconnected energy infrastructure, additional investment, harmonisation, regulatory approximation and eventually full integration of neighbouring countries into the IEM (Commission of the European Communities 2003). In the context of the first major ENP review in 2011, an emphasis on further sectorial regional cooperation was added to the energy agenda of the ENP ‘aiming at further market integration, improved energy security based on converging regulatory frameworks including [. . .] renewable energy sources and energy efficiency’ (European Commission and High Representative of the European Union for Foreign Affairs and Security Policy 2011: 10). In its 2015 review, and due to the conception of its Energy Union initiative, the European Union committed itself to give ‘pan-European energy security’, energy market reforms and cooperation on energy efficiency and renewable energies a ‘greater place in the ENP’ (European Commission and High Representative of the Union for Foreign Affairs and Security Policy 2015: 11). All major ENP documents reference and stress the intertwining with other bilateral and sectorial regional instruments to achieve the overarching objectives of promoting norm export in the field of natural gas, electricity, renewables and energy efficiency and implementing prioritised regional infrastructure projects. In this context, accession to the Energy Community is depicted as the normative end point of full integration into the IEM.

Overall, the ENP establishes a reference framework for neighbouring countries that is based on the EU’s main leverage of improved progressive access to the Internal Market, more investment, tangible rewards, financial support and administrative assistance. Partnership and Cooperation Agreements (PCA) and Association Agreements (AA) form the legal basis of bilateral energy relations between the EU and ENP countries. PCAs and AAs established joint councils, which serve as bodies for decision-makers to supervise the implementation of the agreements. Subcommittees on ‘Transport, Energy and Environment’ composed of officials from the EU and neighbouring countries are supposed to jointly specify the cooperation in the field of energy. However, they do not set the agendas or hold any decision-making power, as they deal only with procedural matters and report the progress of cooperation within existing frameworks (Padgett 2011).

Further institutional key elements of cooperation in the ENP are the Action Plans, which are not legally binding, but purely political agreements. Jointly developed with representatives from neighbouring countries and the EU, Action Plans set out the broader road map for cooperation. While formally providing for joint agency, the structure of all Action Plans is pre-defined – irrespective of the preferences of ENP countries. In the field of energy and transport, all Action Plans mention the overall objective of approximation towards EU norms and express the commitment of parties towards the development of projects of ‘common European interests’. However, Action Plans usually remain vague and do not reference any concrete EU norms and steps to implement projects in the field of energy. The lack of precision renders systematic monitoring and evaluation difficult. This casts doubts on conditionality, although the Commission stipulated that the progress of an ENP country on agreed priorities in the Action Plan should be reflected by the allocation of rewards and financial assistance (Commission of the European Communities 2004). Besides offering a ‘stake in the internal market’, EU conditionality in the neighbourhood relies additionally on functional support and financial assistance, which are geared at building up and strengthening the capacities of governmental actors in ENP countries in order to empower them to adopt and implement EU norms, policies and projects. Assistance in the field of energy mostly targets public actors on the operational level. Funds are bundled in the European Neighbourhood Instrument (ENI), which amounts to a total budget
of EUR15.4 billion for the period from 2014 to 2020. This represents a modest increase from the total budget of the previous European Neighbourhood and Partnership Instrument (ENPI), which was endowed with EUR11.2 billion for the period from 2007 to 2014 for all 16 ENP countries (European Parliament and Council 2014; Council of the European Union 2006).

Although the EU emphasised their ‘tailor-made’ design, Action Plans reflect more EU unilateralism than decentring, since the overarching goals in terms of EU norm export are predefined – although rather vaguely – and the access–convergence logic is placed at the heart of the process to achieve them. Joint agency and differentiation are proclaimed but are limited to emphasising convergence in the area of gas or electricity. Confronted with this pre-defined structure in the energy sector and beyond, the two major hydrocarbon suppliers in the South, Algeria and Libya, have not signed Action Plans. While Libya has not even signed an Association Agreement with the EU, negotiations on an Action Plan with Algeria started after the Arab uprisings and continued in 2016. Both rentier states have demonstrated a strong preference for far-reaching public involvement in their energy sectors, which are dominated by state-owned National Oil and Gas Companies (NOCs). Being at odds with the underlying EU norms – which would threaten the dominant position of NOCs that account for a major share of their state budgets – Algiers and Tripoli have not aligned with the ENP and its normative regulatory approach in the field of energy (Escribano 2010). In the case of Libya, this situation is further complicated by geopolitical instability, turmoil and weak statehood in the aftermath of the Libya War (EU Institute for Security Studies 2014).

**The inner circle: the Energy Community**

Parallel and intertwined with the ENP, concentric circles of energy co-operation and integration have evolved during the last decade, which are characterised by different modes and outcomes of EU External Energy Governance.

The ‘inner circle’ is made up of the Energy Community (EnC), which extends the entire energy acquis to third countries. Based on international law, accession to the EnC Treaty involves the far-reaching non-differentiable adoption of all binding, precise and non-modifiable EU energy norms, which prescribe the governance of domestic markets and a transit regime for infrastructure connecting to the EU. Norm adoption and implementation, as well as physical flows, are monitored by a centralised secretariat. Besides carrying out the monitoring and enforcement tasks, the secretariat provides structured assistance for adapting domestic laws and standards and drafts detailed specific road maps for reforms. Furthermore, the EnC’s secretariat holds the right to initiate dispute settlement procedures in case of non-compliance (Padgett 2012).

Initially conceived to expand the IEM for gas and electricity to candidate countries and pre-accession states from the mid-2000s onwards, the EnC has enlarged its scope to the neighbourhood with Ukraine and Moldova joining, and Georgia applying for full membership in the early 2010s. While these countries have only vague EU membership perspectives at best, and incentives are limited to technical assistance and capacity building, a major benefit lies in the fact that aligning their domestic sectors to EU norms limits Russia’s energy leverage. While Ukraine and Moldova are highly vulnerable towards Russian hydrocarbon deliveries, which account for the major share of their energy mix, Georgia has managed to reduce its overly high dependence on Russian natural gas, but remains dependent on oil supplies from its neighbour. At the same time, all three countries have thorny political relations with Russia and are involved in regional conflicts with their neighbouring energy supplier. Adopting EU unbundling, TPA and market pricing norms prevents Russia’s NOC Gazprom from acquiring a dominant position,
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not only as supplier but also as shipper and seller of gas within the neighbouring energy sectors, and it limits the capacity of Moscow to control the access and prices of energy deliveries (Padgett 2012). Relying on the EU unilateral mode in this context, the EU has managed to include Ukraine, Moldova and Georgia, in the eastern neighbourhood, into the inner ring of EU External Energy Governance. However, neither consumer nor transit countries whose relations with Russia are less conflictual, such as Armenia, or any neighbouring suppliers, have followed.

The outer circles: strategic partnerships and regional sectorial cooperation

Most neighbouring countries maintain less institutionalised energy relations with the EU, which are based on a differentiated, multi-layered system of bilateral and multilateral agreements. EU External Energy Governance in these ‘outer circles’ provides for a more selective and flexible approximation towards EU norms to regulate certain aspects of the supply chain.

Bilateral energy partnerships with key suppliers

The major bilateral instruments in the outer circles of EU External Energy Governance are Memoranda of Understanding (MoU), which are intended to lay the foundation for strategic energy partnerships with key energy partners. Similar to Action Plans, MoUs are non-binding, jointly agreed political documents, negotiated between high-level representatives of the Commission and neighbouring governments. Contrary to Action Plans, MoUs single out energy as field of cooperation. MoUs can be purely declaratory in nature or highly technical and specific regarding infrastructure projects and acquis provisions.

The MoU with Azerbaijan, which was signed in 2006, reflects the highest degree of convergence. It stipulates that this ENP country would establish a fully competent independent energy regulator and Independent System Operator and specifically refers to the adoption of Directive 2003/54/EC on electricity markets, Directive 2003/55/EC on gas markets, and Regulation 1775/2005 on access to gas transmission networks. Indeed, the EU has managed to include precise EU provisions on unbundling, market pricing and TPA in the bilateral memorandum, since Azerbaijan was exposed to strong geopolitical pressure. Russia opposed Azerbaijan’s role as significant energy exporter vehemently and engaged on different levels to prevent competing Caspian gas from reaching its markets in Europe. Moscow used its political and military support for the Armenian side in the Nagorno-Karabakh conflict as leverage towards Azerbaijan, sought to purchase large volumes from the Azeri Shah Deniz gas field and increased its gas prices for its exports to the country (Fuller 2013; Kjærnet 2009). Confronted with the need to counterbalance Russia’s realpolitik, Azerbaijani political leaders pursued the strategy to increase energy interdependence with the EU to engage the Union in the region, and open a Southern Gas Corridor for Azerbaijani supplies to high-priced European destination markets. In this context, governmental decision-makers subscribed to specific regulatory EU provisions in the hope of establishing a strategic partnership on a westbound pipeline and supply security. However, they were never convinced of the appropriateness of the pre-defined, unilaterally prescribed norms, which would have imposed high costs and a loss of control (Weber 2014). As Azerbaijan managed to counterbalance Russia’s geopolitical pressure through leaning more towards Turkey as strategic partner, and implemented with the Trans-Anatolian Pipeline (TANAP) the major part of the Southern Gas Corridor to the Greek border, convergence with EU norms stalled (Kardas 2011). In 2011, Presidents Barroso and Aliyev signed a new memorandum on a strategic energy
partnership, which delinked the cooperation on the Southern Gas Corridor from stalling convergence in the energy sector, reflecting more co-development with Azerbaijani decision-makers.

No earlier than 2013, the EU managed to conclude a second MoU in the neighbourhood with its third-biggest supplier, Algeria. From 2006 onwards, Algeria had repeatedly rejected EU draft proposals for a MoU based on the blueprint of the EU–Azerbaijani MoU (Darbouche 2011). In the eyes of the Algerian government, the unilateral promotion of EU hard norms was perceived to be inappropriate, in the aftermath of a comprehensive renationalisation of the hydrocarbon sector in the mid-2000s, which restored the dominant position of the NOC SONATRACH along the whole supply chain (Weber 2014). It was not before the early 2010s, that the European Commission opened up to a more decentred mode of EU External Energy Governance towards the southern supplier, which paved the way for eventually signing a MoU. Contrary to earlier drafts, the document refrains from referencing specific EU norms. The agreement reflects more co-development, as it focuses on enabling European investment in the upstream sector based on reciprocal market access.

Regional sectorial cooperation

During the 2000s, the EU has supplemented EU External Energy Governance by regional multilateral instruments. The overarching goal of sectorial regional cooperation is to interconnect sub-regions within the neighbourhood which are characterised by high energy interdependence. Regional frameworks are supposed to transcend the bilateral energy relations with the EU and between individual countries themselves, by pooling the EU’s actions in terms of EU External Energy Governance and capitalising on shared functional cooperation interests (Youngs 2009). Achieving sub-regional integration remains the immediate goal, which is supposed to facilitate and lead to an integrated pan-European market functioning on the basis of the binding and precise norms of the IEM.

The major regional sectorial instrument towards eastern neighbours since the early 2000s has been the Interstate Oil and Gas Transportation to Europe (INOGATE). The EU-funded regional network of 21 participant states from Eastern Europe, the Southern Caucasus and Central Asia aims to initiate regional energy cooperation in order to facilitate and secure gas transport to Europe and further convergence of regional energy markets with EU norms. Being demand-driven, it is the ministries from ENP countries which set the priorities together with the EU in terms of concrete EU-funded projects. Cooperation is largely technical, takes place on the level of experts and administrators, and is organised around five fields: the audit of networks, improvement of operational security and efficiency of infrastructure, institutional improvement of trade and transportation of hydrocarbons, facilitating investment, and transfer of regulatory best practices and know-how (Interstate Oil and Gas Transportation to Europe 2016). It is at this technical project level that EU experts seek to introduce EU standards and principles of unbundling and market pricing within discussions during workshops, trainings and projects. Compared to other instruments, INOGATE’s project-based approach reflects a comparatively high level of joint agency. Conditionality is not enshrined in the framework, which has much to offer in terms of expertise and technical support, but is endowed with small funds amounting up to EUR 61 million for the period between 2007 and 2013 (Theiss 2015). As INOGATE projects are co-developed, the degree of differentiation is particularly high. Since neighbouring public actors often lack experience regarding gas and electricity regulation, EU officials and experts are able to shape the framing of identified problems and the envisioned solutions, based on their advanced knowledge and regulatory expertise without recurring to coercion. 1 Hence, the achieved limited, yet substantial, steps towards more unbundling, market pricing and
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convergence with technical EU standards – for example, in the field of metering, efficiency and
grid-codes – are mostly driven by normative suasion on the operational level, while being supported
on the political level.

The Black Sea Synergy (BSS) was introduced in 2007 to provide an additional venue for
regional cooperation based on joint technical projects (European Parliament 2010). Within the
BSS, jointly proposed projects between Member States and neighbours receive funding from
the Commission to be kicked-off, but largely depend on the financial commitment of neigh-
bouring countries. To facilitate the development and funding of projects, multilateral ‘sectoral
partnerships’ engaging officials from the EU and ENP countries have been proposed (ibid.).
The agenda of the BSS is neither new nor based on regional joint agency, but simply lists the
major issues of the EnC and bilateral energy agendas in the region: engaging in a dialogue over
regional energy issues, promoting legal and regulatory harmonisation, upgrading existing and
constructing new energy infrastructure, establishing a common legal transit framework and
promoting RES and energy efficiency (Weaver and Henderson 2013). Although the BSS
repeats mostly unilaterally set objectives from other cooperation instruments, concrete projects
provided for more joint agency, since actors from neighbouring countries conceive them.

Just a little more than one year after the BSS was initiated, the Eastern Partnership (EaP) was
launched. The EaP addresses the same policy fields as the ENP with all eastern ENP countries,
including Belarus. Building on the ENP, the EaP seeks to specify targets, increase incentives
and strengthen conditionality. The EaP offers additional mobility partnerships and is designed
to provide an added value to access to the Internal Market by offering the prospect of a regional
Neighbourhood Economic Community. Furthermore, more comprehensive institution building
programmes have been implemented to strengthen state capacities, civil society and the rule of
law. So far, EaP countries have benefited from a financial envelope of EUR3.2 billion, largely
based on ENPI and ENI funds, which have been earmarked for the six eastern neighbours
(European Commission 2015). In the field of energy, the EaP pursues four objectives, centred
around the issue of regional energy security: supporting infrastructure development, intercon-
nections and diversification of supply, paving the way for the accession of all eastern neighbours
to the EnC, enhancing RES production and energy efficiency, and increasing energy solidarity.
In order to achieve these goals, a joint platform on energy security was established together with
a flagship initiative on the Southern Gas Corridor (European External Action Service 2009).
Contrary to the platform, which constituted itself in June 2009, the flagship initiative failed to
be launched, since Ukraine, Moldova and Armenia were not committed to the opening of the
Southern Gas Corridor, which would bypass them.2

Considered together, the BSS and EaP reflect more EUlateralism than INOGATE, since
they restate unilaterally set goals with regard to convergence with EU norms and the imple-
mentation of the Southern Gas Corridor. However, with the establishment of the sectoral
partnership and EaP platform, both instruments paved the way for more co-development in
more differentiated regional frameworks. Yet, due to divergent interests and conflicts among
neighbouring consumer, transit and supplier states, tangible outcomes in terms of regional con-
vergence with European energy key norms are absent in the field of hydrocarbons, while
boosting RES and energy efficiency remain low on the agenda.

In the southern neighbourhood, the Euro-Mediterranean Partnership (EMP) remained the
major venue for EU External Energy Governance. Since the launch of the ENP, the EMP has
assumed the role of a regional supplement, similar to the EaP in the East. The major sectoral
instrument of the EMP in the sphere of energy is the Euro-Mediterranean Energy Partnership
(EMEP). Three non-binding EMEP Action Plans have been adopted by the ministerial conference
of partner countries, which all emphasise the convergence of energy policies of Mediterranean
participants, the convergence with EU energy norms in the mid-term, and the establishment of joint infrastructure projects (Darbouche 2011). Drawing upon the jointly agreed objectives, directors-general and high officials from neighbouring countries, and their counterparts from the EU, formed working groups to specify cooperation agendas. Concrete projects were supposed to be carried out in the context of jointly developed assistance projects financed by the Mesures d’accompagnement financières et techniques (MEDA). Since the early 2000s, funding provided by the EMP for sectorial cooperation remained limited and amounted to only EUR55 million, which was supplemented by EUR2 billion in form of loans. Although the EMP provided for political conditionality in the form of a clause in the AAs which justifies the suspension of cooperation if human rights are violated, it played no role in the EMEP (Del Sarto and Schumacher 2005). Concrete co-developed policy agendas provided venues for differentiation. However, Mediterranean suppliers mostly perceived the EU’s emphasis on the liberalisation of energy markets based on unbundling within the EMEP as a threat. Geared at ending the dominance of state-owned companies and restructuring long-term contracts with European consumers, converging towards EU norms would expose suppliers to financial risks. Furthermore, the political rivalries between southern neighbours themselves prevented actors from engaging in major regional projects.

The only sector where the EU-Mediterranean regional cooperation produced tangible results was the promotion of RES. Contrary to the EMP, its successor instrument, the Union for the Mediterranean (UfM), focuses entirely on RES, while bypassing consumer-supplier and regional conflicts related to hydrocarbons. The centrepiece of the UfM in the field of energy has been the European-Mediterranean Solar Plan (MSP), which seeks to install large photovoltaic capacities in North Africa that are supposed to deliver electricity to Europe and to increase intra-regional electricity trade. The financial feasibility of the MSP hinges upon public and private European funding for the costly infrastructure and bonuses for Mediterranean exports to the IEM. In order to facilitate exports to the EU, Morocco, Algeria and Tunisia converged with unbundling and TPA norms of the IEM for electricity and adopted independent regulators to ensure their implementation (Escribano 2010). However, with the economic crisis hitting Europe, the corresponding massive drop of prices and energy demand, and regional instability in the aftermath of the Arab uprisings, the most advanced MSP-project DESERTEC was abandoned (Frankfurter Allgemeine Zeitung 2014). With the fading perspective for lucrative green energy exports to Europe, regional convergence in the field of RES stalled.

Conclusions

The analysis of its concentric circles has revealed the threefold limits of EU External Energy Governance in the EU’s neighbourhood.

First, relying on the EU's bilateral export of precise EU norms has only been possible with regard to eastern transit countries. The cases of Ukraine, Moldova and Georgia show that far-reaching convergence with the EU energy acquis was less driven by EU incentives than by their confrontation with Russia’s regional realpolitik. Where Russia’s geopolitical pressure was absent, neighbouring countries refused to commit themselves to binding pre-defined EU norms. That is not to say that EU incentives are negligible, but to conceive EU external energy policy as only one external influence among others, which needs to be embedded in the broader geopolitical and energy market context of neighbouring countries.

Second, with regard to EU External Energy Governance towards the other neighbouring transit, consumer and supplier states in the outer rings, decentring seems to be the only way to ensure a certain degree of convergence with EU norms, to regulate parts and specific aspects of the supply chain. In order to achieve tangible sustainable outcomes, public neighbouring actors
on the decision-making and operational level need to be engaged. Yet, the insight that decentring does not result in far-reaching, but only quite limited, convergence questions EU External Energy Governance as the leitmotif of external energy policy in the neighbourhood.

Third, the mismatch of EU External Energy Governance, seeking to liberalise and unbundle NOCs on one hand and hydrocarbon supplier’s vital interest in exerting control over their energy sectors on the other, limits the room for manoeuvre for EU norm export in the gas sector. This is why promoting energy efficiency and RES present themselves as more promising venues for EU norm export towards neighbouring hydrocarbon suppliers.

Notes

1 Interviews with EU officials from INOGATE, conducted on 10/3/2015 and 25/6/2015, INOGATE Secretariat, Tbilisi.
2 Interview with a senior official from the European External Action Service, conducted on 29/1/2013, European External Action Service, Brussels.
3 Interview with a senior official from the European External Action Service, conducted on 29/1/2013, European External Action Service, Brussels.

References


