

Transatlantic Energy Security Dialogue

Conference Report
Stockholm, Sweden
September 11-12, 2008

Niklas Nilsson
Erik Ahlenius
Thimna Bunte



*Institute for Security
& Development Policy*

Transatlantic Energy Security Dialogue

Conference Report

September 11-12, 2008

Niklas Nilsson

Thimna Bunte

Erik Ahlenius

"**Transatlantic Energy Security Dialogue**" is a *Conference Report* published by the Institute for Security and Development Policy. The Institute is based in Stockholm, Sweden, and cooperates closely with research centers worldwide. Through its Silk Road Studies Program, the Institute runs a joint Transatlantic Research and Policy Center with the Central Asia-Caucasus Institute of Johns Hopkins University's School of Advanced International Studies. The Institute is firmly established as a leading research and policy center, serving a large and diverse community of analysts, scholars, policy-watchers, business leaders, and journalists. It is at the forefront of research on issues of conflict, security, and development. Through its applied research, publications, research cooperation, public lectures, and seminars, it functions as a focal point for academic, policy, and public discussion.

The opinions and conclusions expressed do not necessarily reflect the views of the Institute for Security and Development Policy or its sponsors.

© Institute for Security and Development Policy, 2008

ISBN: 978-91-85937-42-4

Printed in Singapore

Distributed in Europe by:

Institute for Security and Development Policy
Västra Finnbodavägen 2, 131 30 Stockholm-Nacka, Sweden
Tel. +46-841056953; Fax. +46-86403370
Email: info@isd.eu

Distributed in North America by:

The Central Asia-Caucasus Institute
Paul H. Nitze School of Advanced International Studies
1619 Massachusetts Ave. NW, Washington, D.C. 20036
Tel. +1-202-663-7723; Fax. +1-202-663-7785
E-mail: caciz@jhuadig.admin.jhu.edu

Editorial correspondence should be addressed to Svante E. Cornell, Research and Publications Director.

Introduction

The *Transatlantic Energy Security Dialogue* took place in Stockholm on September 11-12, 2008. The Dialogue was hosted by the Swedish Ministry for Foreign Affairs and the US National Intelligence Council, and organized by the Institute for Security and Development Policy. Participants included prominent government officials from Europe and the United States, as well as representatives of the private energy sector and international NGOs. The Dialogue was convened with the purpose of identifying crucial contemporary challenges to European and US energy security and exploring the prospects for a sustained transatlantic dialogue and improved cooperation in this field.

Enhanced transatlantic energy security cooperation can be considered crucial for meeting the most pressing energy-related challenges of the twenty-first century, including a globally increasing energy demand, the realities of climate change, and a hardening geopolitical competition for control over energy sources and supply routes. Nevertheless, transatlantic cooperation on these issues is complicated through the in many respects differing EU and US understandings of and approaches to energy security. Accordingly, the objective of the Dialogue was to pin down some of these challenges and make them subject to discussion, with the purpose of shedding light on potential avenues for enhanced transatlantic energy security cooperation.

After an opening address by Mr. Carl Bildt, the Swedish Minister for Foreign Affairs, four sessions followed, focusing respectively on European Energy Security Policy; External European Energy Security; External US Energy Policy Formulation in the Broader Europe/Eurasia Region; and Prospects for a Future Transatlantic Energy Security Dialogue. Finally, a wrap-up session elaborated on the key issues discussed. This report intends to provide an accessible overview of topics discussed and conclusions drawn during the Dialogue.

The report follows the original structure of the Dialogue, providing condensed summaries of the presentations and discussions in each session,

where the authors have sought to encapsulate key points in short paragraphs and bullet points. The event was carried out in an unofficial setting, allowing the participants to engage in a sincere discussion and express their opinions freely. Hence, the report avoids direct quotation or identification of any speaker, unless permission to do so has been explicitly granted.

Svante E. Cornell
Co-Director, ISDP

Opening Remarks by Mr. Carl Bildt, Minister for Foreign Affairs of Sweden

Mr. Bildt welcomed participants, and introduced the Dialogue in noting that Europe has not yet been able to form a common Energy Security Policy. Considering the immense impact of energy security issues in many other areas of national and international politics and its close connection to the economic sphere, the benefits of addressing these issues through dialogue in a transatlantic format should be acknowledged.

Mr. Bildt outlined three specific key points which need to be addressed:

- **Environmental factors and climate change:** Resource abandonment and low prices are two of the factors at the origin of environmental problems. Higher prices may be an economic challenge, but may also provide solutions in other related areas such as security of supply.
- **Availability of particular resources:** The issue of availability of resources and security of supply does not only concern the quantity and quality of resources, but also the willingness and ability to supply.
- **Politics:** Politics play an increasingly prominent role in energy security, especially concerning supply from countries such as Russia and Iran, and the larger Middle East.

It needs to be emphasized that both decisions on the European level and an engagement in transatlantic dialogue are needed. In addition, dialogue with producer countries (on issues concerning supply and production) and with consumer countries (on issues such as climate change and security) are a necessary base for enhanced energy security.

Session I: European Energy Security

Session Topics:

- The development of a common energy policy
- The creation of a common energy market
- Competition policy, transparency, and regulations

Summary of Presentations

Although two of the first three treaties of the European Community (EC) (namely the European Coal and Steel Community, ECSE, and the European Atomic Energy Community, Euratom) were focused on energy, there is formally no European energy security policy.

European energy security policy was discussed from a European Union perspective. It was pointed out that as the largest consumer countries, the European Union and the United States share common interests in co-operating on energy security matters beyond a bilateral level.

The unique nature of the European energy market and the continuous rise of demand for oil and gas have added complexity and costs to ensuring energy supply and energy security in Europe for governments, companies, and private users.

Three elements were identified as essential for guaranteeing future energy supply:

- **Managing demand:** Rising demand is the primary cause of energy insecurity; therefore reducing energy demand would have a direct positive impact on energy security. One of the most important objectives in energy security policy is the goal set by the European Commission to improve energy efficiency by 2020, with the objective of reducing energy consumption by 20 per cent. Also, the Emission Trading Scheme (ETS) needs to be revised. To monitor the

implementation of the 20 per cent goals, the European Commission will launch short and medium-term reviews.

- **Diversification:** The EU needs to diversify its energy resources, energy suppliers, and supply routes. This entails the increased use of more sustainable energy resources, as well as alternative supply states, networks, and infrastructure. Greater cooperation between energy suppliers, both in terms of trans-European projects like Nabucco and in terms of technology development, should be enhanced.
- **Energy Security Policy:** External energy policies need to be coordinated within the EU, an issue which was made evident once more by the Georgian crisis. Coordination in the field of energy security could consist of, among other measures, the promotion of sound market principles and investment protection as well as investment in robust energy relations, inspired by transparency and trust.

The new Nabucco pipeline project should be considered an “enabling project” in four regards. First, it enables supply diversification, improving energy security in Europe, the Caspian states, Turkey, and the Middle East. Second, it enables foreign investment in Turkey, the Caspian states, and the Middle East. Third, it allows for transfer of know-how and, fourth, promotes political cooperation through interdependencies created by Nabucco.

Unfortunately, Nabucco is lacking the political leadership needed for the project, a leadership which is also detrimental to the participation of the Caspian states.

The next critical milestones for Nabucco will be, first, determining Turkey’s role in the project and, second, coming to an intergovernmental agreement on Nabucco, capable of taking into account the national supply needs of the partners involved.

Concerning available resources, natural gas deposits in Azerbaijan, Iraq, Egypt, Turkmenistan, and Iran are considered sufficient to make Nabucco feasible. However, especially concerning Turkey, Iran and Iraq, political questions are raised in terms of security and risk.

The 3,400 km gas pipeline linking Europe to the resources of the Caspian and the Middle East is planned to be built in three phases respectively lasting

until 2010, 2013, and 2020. Nabucco is oversubscribed by a factor of three, indicating that demand is certainly sufficient. Thus, competition between Nabucco and Gazprom's South Stream project only exists for upstream supply, not for downstream demand. Therefore, the development of downstream retail market projects and ambitions to diversify sources will contribute to making the project competitive and unique.

There is an ambition to enhance competition in the European energy market, which should also be promoted in all energy sectors. However, this is only possible through intergovernmental agreements due to the sovereignty of the EU member states in energy and security issues.

Discussion Points

- The discussion focused on difficulties faced by the EU in formulating a common energy policy, energy markets, security and environmental issues.
- Skepticism regarding the EU's envisioned plan of a 20 per cent reduction of energy consumption by 2020 was addressed. The EU Commission will do its utmost to ensure that the targets are reached. Especially, launching mid-term and short-term reviews will provide continuous updates on goal-fulfillment and enable the adoption of measures for securing progress.
- It was emphasized that the European Union, though it can be regarded as a unit, nevertheless consists of a number of diverse member states with different security concerns and thus faces the danger of asymmetric shocks. The European Commission promotes growing interconnections between member states to achieve greater internal solidarity. Measures for achieving this include proposing new legislation, further interconnections between electricity needs and energy markets, and the promotion of expanded trans-European networks.
- Concerning the Nabucco pipeline, it was made clear that it is definitely not lacking political support. What was clarified is the lack of political leadership. There is a need for a completely coordinated political and economic leadership by Nabucco commercial coordinators and European

Union leaders together, the emergence of which would also be welcomed by the Caspian states.

- A reason for the lack of political leadership is the fact that energy security is a field where EU member states are very reluctant to cede sovereignty to Brussels. In this regard, four main developments are needed: harmonization of rules, transparency, consolidation, and solidarity. The EU has several internal policy problems through isolation of certain member states and different attitudes toward competition in energy markets.
- EU competition policy is meant to improve competition in all fields whether this concerns gas, coal, nuclear power, etc. This might, however, serve to inhibit the Nabucco pipeline project.
- When discussing the EU's energy dependency on Russia, it was pointed out that Russia has a corresponding dependency on the European energy market.

Session II: External European Energy Security

Session Topics:

- Is there a common European concept of energy security?
- How are issues like supply, diversification, efficiency, and geopolitical challenges considered?
- What are the respective roles and competencies of individual Member States and the EU Commission in framing external policy?

Summary of Presentations

Considering challenges to the European energy market, it was stated that the unsustainable nature of the European energy system is related to a range of geopolitical complexities, including a global rising demand for energy, increasing resource nationalism, climate change, and the risk of terrorism. Energy demand in the EU will increase despite all reduction efforts and natural gas will remain the key energy resource. Despite projects aimed at energy diversification, there will also be a need for more gas from old suppliers. Tackling those challenges is not an option, but an obligation.

The EU approach focuses on the integration of energy markets, development of infrastructure, enhancing energy efficiency through a re-evaluation of nuclear power, and a greater focus on new energy technologies. In addition, recognizing the global dimension of energy security, the EU needs to speak with one voice on these issues, an ability which is challenged by the sovereignty of the member states in terms of energy security. Moreover, both private and public interests must be taken into account.

EU Propositions

- Developing a new energy partnership agreement with Russia to replace current agreements
- Enhancing the EU's partnership with Ukraine

- Enhancing bilateral relations with other partners
- Gradual extension of the Energy Charter Treaty to Russia, Norway, and others
- Increasing relations with key partners in other areas
- Promoting international agreements
- Improving nuclear safety cooperation and promoting a nuclear safety culture

Considering the fact that issues such as climate change and energy security are interrelated issues that should be addressed globally, EU-US Energy cooperation needs to be enhanced. In this context, the G8 St. Petersburg principles of competitive and open global markets should be promoted and an effective early warning system should be established on the basis of enhanced and effective external energy cooperation and international energy security cooperation.

Three points were subsequently outlined as hard, interconnected truths that cannot be dealt with individually:

- Energy demand will increase
- Energy supply will have a hard time keeping up pace with demand
- The stress on environmental issues will increase

When seeking to address these three points, it can be estimated that there will be an increase in energy demand in all sectors, necessitating profound changes in the energy system.

Two main scenarios were outlined:

- **Scramble:** The Scramble scenario assumes that political actions focus mainly on supply. It is presumed that action taken is late and ineffective in addressing the three points stressed above. The response to the problems will be *reactive* in nature. The main trend is that consumption of oil and coal will rise at first, but will start to decline after a few years. Asia and Oceania will massively increase their oil and coal usage, which will contribute to the rise of CO₂ emissions. The main political and economic implications are that energy will remain a national responsibility, making it hard to motivate individual states to change

their energy consuming habits. Based on speculation rather than facts, national energy and climate policies stay inefficient and rhetoric-based. Developing countries will be hit hardest by this development which could lead to dramatic political consequences.

- **Blueprint:** The Blueprint scenario projects a *proactive* response to the three points mentioned above. Awareness of coming challenges leads to early and effective measures. Key points in this scenario are the recognition of the need for multiple “California effects” and the emergence of a global movement. Greenhouse gas pricing encourages efficiency and technology development, coalitions are created on the basis of common interests, and grassroots movements exert pressure on politicians who would otherwise be oriented toward short-term goals. Challenges to this scenario include the long-term survival prospects of key regimes like China, and the need for a revolution in energy usage if sustainability is to be achieved. The scenario implies that individual and collective action is required for reducing energy consumption per capita and the simple fact that no traditional solution will help.

In both these scenarios, oil and coal usage will be gradually reduced and the dependency on imported gas will increase. This implies that three hard truths must be tackled: a change in the energy system is essential and unavoidable; technology has a central role; and political and regulatory measures will be necessary.

Discussion Points

- It was emphasized that in forming a global approach, it is important that different approaches are considered, including the reduction of energy consumption, the diversification of energy resources and of energy import sources, while there will still be an increase of demand from old suppliers.
- Transatlantic dialogue is essential not least due to the risk of outside suppliers adopting a divide and rule approach in Europe. Europe’s perceived inability to follow a strict script is a source of frustration for the US, including the tendency of diversifying away from oil dependency through increasing dependency on Russian gas.

- The US and the EU have fundamentally different attitudes to imported energy, in that the US is dependent on energy imports but acts according to a discourse of energy independence, whereas in Europe the discourse of energy independence does not resonate among the public. Whether energy independence would increase or lower the risk of conflicts remains a subject of contention.
- Due to dramatic developments such as the war in Georgia, more attention is now being paid to energy security issues. Nevertheless, the implementation of principles and concepts remains a challenge, as the decision-making process is too slow and there is no unified European approach.
- The question was raised whether the narrow topic of energy security policy is part of the EU's general policy problems rather than an issue on its own. However, since energy policy is not part of the European treaties, a specific focus was considered necessary. One challenge discussed in this regard was the fact that energy and energy security are still matters of national sovereignty and that the concept of energy interdependence may suffer from asymmetry. The term "energy correspondence" should be understood as an improved use of the global European diplomatic network in the area of energy security, including in US-EU cooperation.
- In addition to the need for diversification, energy efficiency, technology, and renewable energy – as well as for a global perspective and the recognition of both public and private interests – more focus on second-generation power fuels would be beneficial.
- In terms of EU-Russian relations, it was stated that both the EU and Russia depend on each other in various fields. The problems of transparency and the lack of information about Russia's development and planning were discussed. In this regard, Russia has considerably more access to information about the EU than vice versa.
- Despite tendencies to see Russia as a hostile actor (see next session), Russia has also been viewed by western European states as a reliable partner during the past few years in some respects, and is also dependent on the European market as well as European know-how. There is a

European interest in increasing the efficiency of Russian gas production, especially concerning Russia's rising domestic consumption and the absence of production increases. In this context, it was pointed out that during the war in Georgia, Russia did not bring lasting damage to energy infrastructure in the country.

- Three main challenges concerning Russian production and exports were identified: increases in Russian energy consumption, the question of whether Russia will develop its remaining supergiant fields, and the question of whether companies other than Gazprom will be allowed to develop new fields in Siberia.
- Russia is seen as an unavoidable partner, which stresses both the need for a new agreement and for alternatives in terms of supply diversification. A reaction to the events in Georgia should therefore be clear and firm, but aimed at getting things back on track.
- From a Russian perspective, the fact that 70 per cent of the gas it supplies to Europe is transited through Ukrainian territory – and the potential risk of gas cuts – provides incentives for developing supply strategies avoiding Ukraine.
- Concerning EU-Turkey relations, it was noted that these are complex and that energy is only one of many issues that need to be taken into account, a fact which influences both political cooperation and the business climate.

Session III: External US Energy Policy Formulation in the Broader Europe/Eurasia Region

Session Topics:

- US energy policy formulation, internally and externally
- US foreign policy objectives in Eurasia
- US commercial energy priorities and perspectives in Eurasia

Summary of Presentations

An understanding of US energy policy and objectives in Eurasia requires an overview of the development of the Eurasian landscape from the 1990s to the twenty-first century. As the newly independent states emerged, US interests focused on the new states' rights to self-determination, sustainable economic development, and extending the energy supply lines to new suppliers. This also triggered the investment and development ambitions of transnational oil companies in challenging environments but with clear bargain opportunities.

This trend was reversed in the beginning of the twenty-first century, when investments and revenues dropped and changes in political and economic elites changed the picture for commercial entities. Russia has returned as an important player, building on geographical and cultural advantages and networks, industrial know-how and resources, as well as strong political influence in commercial bodies.

Despite Russian dominance, notably in the gas sector, alternative export and supply routes are being examined and developed.

Pipeline projects are generally characterized by time-intensive development and payout, political and economic influences and regulations, and the instrumental use of financing as risk sharer. At the same time, the roles of states and companies have become increasingly blurred and the interaction

between an increasing range of promoters of pipeline projects has complicated the feasibility assessments of such projects.

In consequence, different affected groups have different costs and benefits from the projects. Thus, upstream producers and downstream consumers both experience high risks and obligations, the former benefitting from the highest comparative netback and the latter from supply and its diversity. Simultaneously, midstream promoters and transit countries can take advantage of higher profits and incomes and often have strong political and economic interests in the pipelines.

In Eurasia, it would therefore be plausible to assume that national oil corporations will become increasingly important in relation to transnational oil corporations, as different actors emerge including economic parastatals, independents, or states with challenging regime-types.

New challenges in this situation consist of increasingly confident elites in the supply countries, increasing geopolitical competition for resources, rising costs and diminishing benefits, as well as political and logistical challenges.

The five key points of US Policy identified in relation to energy security were the sovereignty and independence of former Soviet states, stable development processes, the maintenance of pressure on and isolation of Iran, an environmentally responsible development of hydrocarbons, and advocacy for US companies. The second phase of Caspian energy politics can be described as being characterized by new upstream development, a resurgent Kremlin, Russia's understanding of the issue as a great game, and the fuelling of developments by the Georgian war and Russian geopolitical ambitions. In this phase, the US upholds similar key points, stressing the importance of a European-level energy policy.

From the US perspective, the focus of energy supply issues should be on upstream resources and the private sector. This motivates a powerful outreach to Turkmenistan, detailed negotiation with Western investors, and the forging of energy partnerships. The use of declarations and treaties without compliance mechanisms is not considered very useful. Turkey and Azerbaijan should be in focus, but considering the prospects of rising energy demand, alternative supply countries also need to be considered.

Discussion Points

- It was questioned whether Russia should be considered a reliable energy supplier, since it has cut energy deliveries on numerous occasions to practically all former Soviet republics. Stagnating production and exports speak for a diminishing interest on Russia's part to invest in oil or gas development. This will cause future shortages of gas and oil as well as rising prices. Therefore, dependency on Gazprom, which lacks credibility due to both monopolistic interests and corrupt policies, should be avoided. Considering the corruption problems in both Russia and Ukraine, the focus should not be on a new pipeline, but a transparent regime to manage a new pipeline. Cooperation with an organization having a criminal record should be avoided.
- Russia's comeback necessitates new approaches to Russia-related policies. Especially considering the EU's dependency on Russia, a distinct EU policy and EU-US cooperation is in the interest of all. Moreover, competition policy is important and should be implemented by the European Commission.
- Questions of reliability need to be related to questions of dependency on energy supply. Yet, dependency is mutual. The importance of stock market developments may make Russia economically and politically more vulnerable than it seems, whereas Europe's position may be stronger than it seems. Transparency is a goal to strive for in this respect. It was suggested that since there are both positive and negative experiences of cooperation with Russia, the course toward a "new cold war" needs to be avoided through continued economic integration of Russia as a means to insist on better policies. One option would be to cooperate with Russian companies other than Gazprom.
- Iran's nuclear interests are detrimental to possibilities of cooperation with the EU. In Europe, expectations on supply from vast Iranian energy assets should be dampened by the recognition of slow development of these fields due to limited investment. Whether or not regime changes are necessary in some cases remains debated.
- Benefits and risks of the European model of competition in the energy field were discussed. The issue is described as a hybrid between

liberalization and a second, anti-competition direction. Brussels pushes market liberalization policies. At the same time, national governments are reluctant to give up competence to Brussels. This was considered confusing by some participants and it was recommended that this should only be a transitional, but not a final situation.

Session IV: Prospects for a Transatlantic Strategic Energy Dialogue

Session Topics:

- Where do US and European energy security interests intersect?
- What role can the US play in European energy security policy formulation and vice versa?
- What are areas of possible cooperation?
- Why is Russia such a contentious issue in the current US-EU “dialogue”?

Summary of Presentations

When discussing intersections of interest between US and European energy security issues, it should be kept in mind that most of the US fundamental policy relationships are grounded in transatlantic relationships where trade and security interests exist, particularly with Europe. Longstanding transatlantic relationships should be the foundation of a dialogue in energy security, which acknowledges mutual commitment to a shared aspect of the EU’s and US economic well-being. Mutual interest in energy security is based on investment ties, which should reveal a mutuality of interests for producers and consumers alike. In a time of change in the energy industry, energy security dialogue needs to focus on traditional concepts (supply security), but also seek new efficient, market-oriented responses to Climate Change.

The US and the EU can be considered as sharing an interest in including Russia in global energy trade and markets. The shared interest is in promoting energy security, availability of hydrocarbon fuels, as well as in not being played off against one another. Commercial competition needs to be part of that landscape, but Russia still needs to hear a unified and clear message from Europe.

This implies, on the one hand, that common interests do not necessarily entail unified policies. On the other hand, there are interests in both commercial cooperation and more profound technical and policy-based engagement. The engagement should bring about an acknowledgement by the US that EU policy making is a dynamic process which includes discussing risks and opportunities, including sensitive issues, also in times of tension. Even though EU-US dialogue will not always be in agreement, there are possibilities of engaging in this dialogue in a very productive and intensified manner.

The importance of energy as a commodity implies that it should not be seen as a solely economic issue. The reasons for this include market failures resulting from both externalities and the non-recognition of energy security as a public good; the fact that energy is dealt with at a national state level, resulting in differences between collective and national interests; the lack of a European Energy Security Policy and international cooperation due to opposed, conflicting, or diverging interests of producers, consumers, and states; and energy (re)appearing as a hard security issue due to the rise of new powers, growing awareness of global scarcity, and the “weaponization” of energy supply.

The proposed approaches to tackle those issues are threefold:

- **Intensification of transnational dialogue**, which should lead to the establishment and clarification of policy principles and instruments and to a European Energy Security Policy.
- **A cooperative action-plan**, which should identify and evaluate actions regarding energy supply and demand, shared preferences, as well as measures to cope with crises, scarcity, and energy market developments.
- **Fortification of governance**, which includes establishing stronger contacts with new economic powers in fields of urgency response systems as well as energy and climate security.

International cooperation can enhance energy security through the promotion of capacity development, diversification, enhanced energy efficiency and transparency.

Discussion Points

- The discussion focused on the nature of future energy dialogue and energy as a foreign policy instrument.
- The enormous potential for conflict over energy and climate change issues needs to be stressed. Among the problems and obstacles to a desired transatlantic marketplace for hydrocarbon trade is that the EU relies for its goals on Clean Development Mechanisms, but does not focus on the process of negotiating these. Furthermore, the US emphasizes the importance of including China (and India) in issues of climate change and the Kyoto process. Finally, matters of regulation and deregulation are identified as challenges in terms of cooperation in energy market issues. The amount of regulations is part of the reason for less US investment in Europe than would otherwise be possible.
- Defining the contents and form of a high-level political transatlantic energy dialogue first requires tackling the problem of defining terms such as energy security and transparency. Whereas the former should, despite traditional issues of availability, also include new issues such as climate change, the latter is marked by vagueness and speculation due to a lack of information about the resources of many states as well as by changes in production and demand. Additionally, the interests of both consumers and producers should be taken into account in order to avoid dynamics of confrontation.
- In terms of the right format for a transatlantic energy dialogue, the appropriateness of NATO as one possible body is questioned due to both its primarily military role and the global dimension of energy security. Leadership of the EU and US in terms of global energy security is suggested, perhaps building on an extension of the Energy Charter into a larger framework.
- The risk and possibility of energy becoming a weapon of foreign policy is limited by the achievements of the IEA (International Energy Agency) ensuring collective responses. Therefore, some emphasize that energy is neither a weapon for producing countries nor for consuming countries. The IEA in general should be more recognized in its function as an energy security instrument.

Conclusions and Outlook

Three main objectives of the conference were outlined: First, the identification of a future agenda; second, a reflection on the content, purpose, and objectives of a transnational dialogue; and finally a reflection and qualification on possible future directions in terms of energy security as well as the identification of opportunities for collaborative, coordinated, accumulated, and individual actions toward a positive development.

Attention was drawn to the fact that the conference focused on global energy markets, stability, and security. Thinking in terms of any subset of that may be convenient for analysis, but too narrow for reaching objectives. It is important to think broadly and holistically about energy and related issues. Moreover, within the subject of energy security, the focus of discussions were mainly on gas supplies to Europe, in particular gas supply from Russia to Europe, and not about alternative sources of supply. This is relevant for the contents of an energy dialogue.

Energy supply and Russia were identified as two major issues. The events in Georgia motivated a questioning of Russian objectives. There was no unity among participants on the question of whether the sovereignty of former Soviet states or access to energy resources is the primary objective of US policy. Incentives and disincentives for Russia to interfere with the supply of gas and its ability to meet demand need to be examined, including the discussion of a possible Plan B. Objectives toward Russia need to be more explicit, but also the knowledge about its objectives and underlying motivations.

Concerns about **Iran** as a potential nuclear power that could potentially destabilize an entire energy-rich region were present as well. The shared objectives on Iran constrain the fulfillment of energy security objectives in general and in particular vis-à-vis Russia.

There is a need for more reflection on **policy and market questions**, especially on the nature of a European energy policy and on the possibility of the stabilization of all energy markets through IEA efforts. Also, the use of energy policy for changing the behavior of governments of nation-states and shaping the market should be discussed.

Propositions by the participants on the dialogue's contents included Russia, possibilities of exploring new fields, climate change, governance, sustainable development, and civil society. A global approach means that all nations should be included, but there is also a need to stress the importance of coordinated and collective action practically implementing the outcomes of the dialogue. The role of the UN needs to be debated as well. US engagement in climate talks during the last two years was evaluated differently by various participants. There should be more focus on cooperation, not on defining different actors against each other.

China's central role for the US is justified through China's importance in terms of growth, carbon emissions, and energy consumption, but also concerning possibilities of cooperation in the fields of pricing policies, energy efficiency, new technology, or de-monopolization in China. The possible design of cooperation is essential. Discussions about China should also include India.

Concerning the question of **cooperation and competition**, it needs to be emphasized that it is not countries that compete but rather companies that do. The consequence is that "clean" technologies, which governments are eager to provide for free, are owned by private sector actors that are interested in profits. This could be addressed through cooperation between the private and public sectors.