ABSTRACT

The research compares the energy security approaches and strategies of China and the EU since the early 2000’s. It examines the nexus between strategies and approaches of the two actors and seeks to highlight the importance of domestic issues such as energy security governance and domestic politics. In addition, it sheds light to the notion of hedging which has become recently a buzzword among political scientists. Finally, it takes a critical position towards the mainstream dichotomy between strategic and market-based approaches to energy security.

Despite their structural differences, China and the EU share similarities regarding their conceptualization of energy security. Interestingly, both sides have based their perceptions on perceived and contested energy security risks. Hence, in the mid-2000’s, the two actors securitized energy due to external factors such as the Russia-Ukraine gas crisis and the so-called “Malacca Strait dilemma”. Domestic factors however served as a transmission belt and they determined the process of how these external challenges shaped their energy security perceptions and eventually their strategies. During the last years of the examined period, Beijing and Brussels have adopted more comprehensive and sophisticated approach. Their declared adherence to market-based principles reflects among others their interest in self-identifying as liberal actors. The latter has been a global trend among states.

Furthermore, it is concluded that their energy security strategies have distinct differences as well as certain similarities. For many years, issues such as the “Malacca Dilemma” and the European dependence on Russian gas have played an important role to the energy security strategies of China and the EU. Again, the two actors have been incorporating strategic and market-based policies in their energy security strategies which aim at their domestic markets as well as abroad.
In order to analyse the energy security perceptions of the two actors, the research assumed that China and the EU have been adopting a hedging strategy. While their behaviour has the characteristics of hedging, a basic difference between the two actors is that for China hedging is a strategic choice while for the EU hedging is a combination of policies adopted by different actors. As a result, while it can be accepted that China has been implementing a hedging strategy the EU has been merely pursuing a hedging behavior. The distinction between hedging strategy and hedging behavior stands as one of the theoretical contributions of this research.

Finally, the research chooses the Caspian Sea region as a case-study in order to examine the energy security strategies of China and the EU. Both actors have been seeking access to the Caspian energy resources in order to hedge against their energy insecurities. Their approaches however are fundamentally different as China has established a strong foothold in the region adopting mainly mercantilistic tactics while the EU has been facing important hardships as a result of domestic setbacks which limit the effectiveness of its resource diplomacy as well as due to political incompatibility with the Caspian states.

Using the Regional Security Complex Theory as a conceptual starting point, the research approaches the Caspian Sea region as an energy security complex where China and the EU have been also integrated. The research analyses the energy security strategies of China and the EU within the Caspian complex applying the theoretical framework of neoclassical realism. This theoretical novelty can be evaluated as successful and as a result, the research has established an alternative theoretical approach to regional security complexes.
TABLE OF CONTENTS

1. Introduction-Background........................................................................................................... 1
   1.1. Scope of the Research ........................................................................................................ 1
   1.2. The Concept of Energy Security ....................................................................................... 7
   1.3. Strategies towards Security of Energy Supply ................................................................. 17
   1.4. The Concept of Energy Hedging ...................................................................................... 28
   1.5. The concept of energy security complexes ...................................................................... 34
2. Literature Review......................................................................................................................... 42
   2.1. Literature on Energy Security .......................................................................................... 42
   2.2. Energy Security Strategy and Regional Case Studies ...................................................... 50
   2.3. The Energy Security Strategy of the EU ......................................................................... 57
   2.4. China’s Energy Security Strategy .................................................................................. 75
3. Research Framework.................................................................................................................... 100
   3.1. Energy Security and Foreign Policy Analysis ................................................................ 100
   3.2. Neoclassical Realism and Energy Security ..................................................................... 105
   3.3. Research Methodology ................................................................................................... 120
4. EU Energy Security Perceptions.................................................................................................. 139
   4.1. EU Energy Security and the Role of Russia ..................................................................... 139
   4.2. Different Approaches on Energy Security in EU ............................................................ 148
   4.2.1. EU Institutions .......................................................................................................... 150
   4.2.2. Germany ..................................................................................................................... 154
   4.2.3. Greece ........................................................................................................................ 156
   4.2.4. Poland ........................................................................................................................ 158
   4.3. Conceptualization of Energy Security in the Early 2000s ................................................. 161
   4.4. Conceptualization of Energy Security after the Mid-2000s ............................................ 167
   4.5. A more Comprehensive Approach on Energy Security ............................................... 171
   4.6. Conclusion ....................................................................................................................... 174
5. EU Energy Security Policy .......................................................................................................... 176
   5.1. EU Energy Security Governance .................................................................................... 176
   5.2. EU Energy Security Governance Mechanism ............................................................... 178
   5.2.1. The European Commission ....................................................................................... 185
   5.2.2. The Council of the European Union .......................................................................... 191
   5.2.3. The European Union Council ................................................................................... 194
   5.2.4. The European Parliament ......................................................................................... 199
   5.3. The Internal Dimension of the EU Energy Security Policy ............................................ 203
   5.3.1. EU Gas Market Liberalization .................................................................................. 204
   5.3.2. EU Gas Market Interconnection ............................................................................... 218
   5.3.3. The Role of LNG ....................................................................................................... 224
   5.3.4. Crisis Response Capabilities ..................................................................................... 225
   5.3.5. Improving EU Energy Efficiency ............................................................................. 229
   5.3.6. The 2015 Energy Union and Future Prospects ......................................................... 234
   5.4. The External Dimension of the EU Energy Security Strategy ........................................ 237
   5.4.1. Evolution of the EU External Energy Security Strategy ............................................. 239
   5.4.2. EU Energy Diversification Strategy ........................................................................... 248
   5.4.3. The Philosophy of the EU External Energy Security: Markets and Institutions with Geopolitical Characteristics? ................................................................. 254
   5.4.4. Challenges to the EU External Energy Security Strategy ........................................... 271
5.5. Conclusion—An assessment of the EU Energy Security Strategy ........................................279
6. **China’s Energy Security Perceptions** .................................................................287
6.2. The Economic Dimension of China’s Energy Security ..........................................296
6.3. The Geopolitical Dimension of China’s Energy Security and the Malacca Strait
     Dilemma ..................................................................................................................308
6.4. Different Approaches on Energy Security .............................................................323
6.5. Conclusion .............................................................................................................334
7. **China’s Energy Security Policies** .................................................................337
7.1. An Overview of China’s Five-Year Plans ..............................................................338
7.2. China’s Energy Policy Mechanism .......................................................................341
7.3. Domestic Policy Measures ...................................................................................360
7.4. The External Dimension of China’s Energy Security Strategy ...............................372
7.5. Conclusion .............................................................................................................390
8. **The Energy Security Complex of the Caspian Sea Region** ..................................395
8.1. Overview and Distribution of Capabilities .............................................................396
8.2. Securitization and Amity/Enmity Patterns ............................................................400
8.3. The Newcomers in the Caspian Energy Security Complex ....................................412
8.4. Conclusion .............................................................................................................416
9. **The EU Energy Security Strategy towards the Caspian Sea Region** ......................419
9.1. The Framework of the EU Policy towards the Caspian Sea Region .......................420
9.2. The Southern Gas Corridor and Pipeline Politics ..................................................427
9.3. EU-Azerbaijan Energy Security Relations ............................................................443
9.4. EU-Turkmenistan Energy Security Relations .......................................................448
9.5. Conclusion .............................................................................................................460
10. **China’s Energy Security Strategy towards the Caspian Sea Region** ....................463
10.1. China-Russia Energy Security Relations ..............................................................466
10.2. China-Turkmenistan Energy Security Relations ..................................................478
10.3. China-Kazakhstan Energy Security Relations ......................................................490
10.4. China’s Initiatives in the Caspian: SCO and OBOR ...............................................498
10.5. Conclusion .............................................................................................................503
11. **Conclusion** ..........................................................................................................505
11.1. Comparing Energy Hedging in China and the EU ..............................................507
11.2. Comparing Energy Security Approaches of China and the EU ............................511
11.3. Comparing the Energy Security Strategies of China and the EU towards the Caspian
     Sea Region ...............................................................................................................516
11.4. Concluding Remarks .............................................................................................521
    References ..................................................................................................................526