European Energy Security: The Mediterranean Sea, North America as New Suppliers

Date: August 16th, 2018

Disclaimer: This briefing note contains the encapsulation of views presented throughout the evening and does not exclusively represent the views of the speaker or the Canadian Association for Security and Intelligence Studies.

Key Events

On August 16, 2018 the Canadian Association for Security and Intelligence Studies (CASIS) Vancouver hosted its seventh roundtable meeting which covered "European Energy Security: The Mediterranean Sea, and North America as New Suppliers." The following presentation was hosted by Antonio Sanchez Ortega. His specific focus was the future of energy security in Eurasia and how the unpredictability of geo-politics remains a dominant issue. The subsequent roundtable discussion focused on relating these issues to the Canadian context. In particular, how it is possible to secure Canadian energy. The discussion further developed with participants discussing British Columbia's role in preparing Canada against threats to national energy security.

Nature of Discussion

The presentation focused on the unpredictability of geo-politics in the European theater and how this has a direct impact on energy security, as well as how North America, with Mexico excluded, could solve this issue. The presentation was separated into three sections. First, the concept of energy security was explained, along with the definitional issues that come along with attempting to define it. Second, the current situation in Europe was reviewed, which provided parameters of the

security issue. Finally, connections to North America were given to solve the energy security dilemma.

Background

The issue of energy security is not exclusive to Europe, it is a global issue. Moreover, energy security especially affects those countries which are exclusively dependent on a single source for their energy security, specifically developing nations. Energy security is intrinsic to every sector of a country. Therefore, if a nation were to lose it, all sectors could be more prone to risk. This may have repercussions on political independence, if a state is dependent on another for its energy, it could be influenced to pursue the interests of their supplier. With regard to oil, there was little concern for the commodity vis a vis energy security. This is because oil is readily available in the global marketplace. However, a debate about natural gas ensued after Dr. Sanchez's presentation. This is because natural gas is a transitional energy source, therefore, is the next leading energy source after oil.

The European Union (EU) is the largest energy importer in the world, therefore it is not surprising that vulnerabilities are present within their current energy infrastructures. By 2030, the EU will import 84% of their natural gas, 40% of which will be imported from Russia. At the time of writing, there are two ways to move natural gas; it can be liquefied (LNG) and shipped, or it can be moved through pipelines. In the EU, 85% of their natural gas comes through pipelines while 15% is transported as LNG. This arrangement can have serious consequences. Should the political relationship between two countries fail, pipelines cannot be moved and are difficult to protect, bringing security of the energy supply into question.

To achieve energy security, the EU should attempt to diversify the sources of their natural gas. As mentioned before, 40% of the natural gas consumed by Europe is exported by Russia, with Norway and Algeria

following close behind as the next biggest exporters. Furthermore, Norway's natural gas reserves are being rapidly consumed, and this pending energy supply deficit is increasing European concern to diversify their imports. To add to the security issue, Russia has been breaking international norms through its actions in Ukraine, therefore bringing the future of trade with the EU into question. Due to the fact that there are security issues with the EU's import supply, it is arguably in their best interest to diversify its energy imports. This is especially recommended because the EU's consumption of energy is set to increase in the coming years.

Currently, the EU has been focusing on new areas to import streams of natural gas, specifically the Southern corridor of the Mediterranean Sea and Cyprus. However, this route is expected to cover just 13% of the EU's natural gas imports. Therefore, alternative sources of natural gas must be found. Currently, the US is becoming a natural gas exporter, therefore, new markets are needed to exploit this resource. The US, as a new exporter of natural gas could potentially solve the energy security dilemma the EU is facing. Due to the fact that there is no realistic way of connecting the EU and North America by pipeline, all materials would have to be transferred as LNG. This overall increase in exports to the EU can support the EU by diversifying their imports, therefore avoiding increased dependence on states like Russia, which can potentially be unpredictable. Furthermore, with the United States becoming a net gas exporter, Canada will also have to diversify its trading sources to improve their natural gas industry, as the United States is their main trading partner.

Key Points of Discussion & West Coast Perspectives

- The discussion following Dr. Ortega's presentation on European energy security, focused on the Canadian energy sector,

environmental damage, and understanding the impacts on Canadian energy security.

- It could be argued that there are pros and cons to using pipelines and shipping as means to move LNG. While pipelines can reliably move the product safely for years with a solid trading partner, shipping tanks offer stronger diversification incentive and can be transported on a global scale, excluding landlocked states.
- It could be argued that British Columbia's infrastructure security is limited, and therefore vulnerabilities can be exploited by hostile actors. It is recommended that BC increases security around these structures, specifically, in the context of cyber security, as most communities have the capacity to supply energy for a limited time, should the physical structure be attacked.
- There is concern for environmental damage caused by Canada's energy sector. While LNG is less carbon intensive than oil, it still requires a high energy output to achieve the desired result – LNG. Furthermore, Indigenous perspectives have often been ignored, specifically on the West Coast, as there are more diverse tribes than compared to the East Coast.
- As an energy exporting country, Canada does not have an energy security problem. However, the country does have an access to market dilemma as it has limited trading partners, thereby lacking any true competitiveness on the global market. It is recommended that Canada streamline its energy regulations, rather than have each province manage their own.

Key Takeaways of the Event

- Pipelines can be considered dangerous for nations due to the limited diversification that can be offered. Despite the efficiency they provide, geo-political unpredictability outweighs this efficiency.

- Despite the options provided in the South corridor to provide energy to the EU, it is not enough to remove the dependency from Russia. Looking to other markets or improving the EU's internal markets are the best options to improve energy security.
- Transporting LNG is the best option to aggregately improve energy security, due to the limited infrastructure needed to transport the energy source; however, this option is only viable for non-landlocked states.
- Canada, despite creating natural gas ports on the East coast to improve access to world markets, should diversify its trading partners to improve its economic portfolio. To do this, Canada could begin by regulating the control of resources on a national scale, rather than by province.
- BC should improve its energy infrastructure, as there is a risk of kinetic and non-kinetic attacks. Improving this infrastructure would not only improve the confidence of residents, but also increase the possibility of increasing product.

Published by the Journal of Intelligence, Conflict and Warfare and Simon Fraser University, Volume 1, Issue 2.

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