

CAHIER DE RECHERCHE - CEIM



Note de recherche
Continentalisation 10-01
ISSN 1714-7638

Demystifying Russia's Energy Strategy toward China: Strategic Manipulation or Unwitting Vulnerability?

GUILLAUME MASCOTTO



Centre d'études sur l'intégration et la mondialisation
Institut d'études internationales de Montréal
Université du Québec à Montréal
C.P. 8888, succ. Centre-ville,
Montréal, H3C 3P8

AVRIL 2010

Tel : (514) 987 3000 # 3910
<http://www.ceim.uqam.ca>

Les opinions exprimées et les arguments avancés dans cette publication demeurent l'entière responsabilité de l'auteur et ne reflètent pas nécessairement ceux du Groupe de recherche sur l'intégration continentale (GRIC) ou des membres du Centre d'études sur l'intégration et la mondialisation (CEIM).

DRAFT—do not cite without the author’s authorization

Abstract: This paper investigates the implications of Russia’s energy strategy for its international relations with China and stature as an energy supplier. The paper argues that, in spite of common interests and inter-dependence on the energy level, China and Russia hold antinomic conceptions of energy security. As a result, energy inter-dependence is perceived as a threat which, in turn, creates a division on issues relating to their mutual energy security and reduces the prospects for cooperation. The paper further argues that, in order to avoid dependency on foreign demand and to keep control on the production as well as on the flows of energy, Russia is conducting a strategy aimed at manipulating the behavior of its clients. The paper concludes that this ‘manipulative strategy’ has failed to gain leverage against China, thereby raising the stakes of Russia’s vulnerability to market dependency.

Demystifying Russia's Energy Strategy toward China: Strategic Manipulation or Unwitting Vulnerability?

Introduction

For the past ten years, two particular events have caught the attention of many specialists of international politics. The first is the rise of China as a world political and economic power with enormous energy needs. The second event is the resurgence of Russia on the world 'chessboard' as a *petro-power*.

A priori, Russia and China have all that it takes to become important and close energy partners. China is the world's fourth and most dynamic economy with an annual growth rate of 9-10% (IMF, 2010: 2). China holds the world's largest foreign exchange reserves with \$2.4 trillion (December 2009) and its role on the international stage never ceases to grow (Batson, 2010). It is the world's third oil importer (after the United States and Japan) with 178.8 million tons of oil in 2008 (British Petroleum, 2009: 11). China is also the world's second oil consumer with 7.9 million barrels a day (mb/d) in 2008, making hydrocarbons an essential component of its economic growth (British Petroleum, 2009: 21). Russia, for its part, is a major player in global energy markets. According to the latest data, Russia is responsible for 12.4% of the world's oil production and for 20% of the world's natural gas production (EIA, 2009). More precisely, Russia is the world's second oil producer after Saudi Arabia—9.9 mb/d in 2008—and the first natural gas producer—601.7 billion cubic meters (bcm) in 2008—making its energy sector a vital component of its economy (British Petroleum, 2009: 8; 24). With the world's eight reserves—estimated at 79 billion barrels in 2008—Russia is a major petroleum exporter (outside OPEC) with 7 mb/d in 2007 (British Petroleum, 2009: 6; EIA, 2008: 2). In terms of natural gas reserves, Russia holds the first in the world—47.8 trillion cubic meters (tcm)—and is also the world's leading gas exporter with 191 bcm in 2007 (Chun, 2008: 1; Lo, 2008b: 243).

On the one hand, for China, given its immediate energy needs and the high costs of supply associated to the distance of its main energy sources (Africa and Persian Gulf), Russia constitutes an ideal supplier because of its important non-exploited gas and oil fields in Eastern Siberia and in the Russian Far East region. On the other hand, supplying China is a great opportunity for Russia to expand its market shares. Not only is China an energy consumer of considerable importance in East Asia, but it could also serve as Russia's springboard toward conquering new markets in Asia as a whole. Furthermore, China represents an important source of foreign investments which are necessary for edifying Russia's 'launching ramp' toward a third wave economy (based more on finance and high technology than raw materials).

Therefore, with the multiplication of diplomatic and economic missions between the two states and the intentions of Russia to invest more than \$100 billion in the creation of a new 'Asian' production and transportation energy system in the next 20 years as well as the objective of China to import close to 20% of its energy from Russia, some specialists saw fit to ask the question of Russia's fuel and energy complex 'turning Eastward' as new reserves become more and more destined to Asian markets rather than to Western markets (Weitz, 2008: 19; Ferdinand, 2007 : 852). Moreover, in the absence of sustainable alternatives (accentuated by their weak effectiveness and commercial value as well as the political constraints regarding the implementation of new energy use patterns) and as more and more 'giants' with exponential energy needs make their entry on the international stage, the importance of Russia for China can only increase proportionally. Yet, in spite of common interests, Russo-Chinese relations are characterized by profound divisions on energy security issues.

Delimitation of the Object of Study

This paper draws on the results of my current M.A. work which deals with the energy dimension of Russo-Chinese relations from 2003 to 2009. My research question can be read as follows: Under conditions of heightened market competition conditions in global energy markets, can the vital issues linked to Russia's and China's energy security serve as 'common ground' by which the two states could establish a solid energy cooperation 'bloc'¹ in Eurasia? To answer this question, I take a comparative foreign policy approach: meaning that I look at the energy policies of *both* China and Russia before analyzing their reciprocal orientations and assessing Russian-Chinese energy cooperation prospects. Yet, for the purpose of this conference, the paper focuses on the Russian side *only*. Therefore, at the centre of this paper lie the following interrogations: What does the logic of Russia's energy strategy entail? What are the implications for its international relations with China and stature as an energy supplier?

The paper is divided in four parts. In the first part, the theoretical framework of analysis is developed. My proposed framework sits at the nexus of Foreign Policy Analysis, Security Studies and International Political Economy and draws on the concepts of 'Regional Security Complex' (Buzan & Weaver, 2003), 'Economic Security' (Dent, 2007) and 'Strategic Manipulation' (Stulberg, 2007)². Theoretically, the framework seeks: (1) to demonstrate how economic imperatives are linked to national security considerations and how energy security plays a crucial role in the foreign policies of major energy importers and exporters; (2) to highlight how states can use their firms and indirect regulatory mechanisms as foreign policy instruments to control vital strategic

¹ This expression is from (Weitz, 2008).

² The framework is likely to be inspired by 'Energy Security Complex Theory' (Palonkorpi, 2009)—not yet published.

assets like energy; (3) to demonstrate how 'energy interdependence' can lock states together in a 'Security Complex'. These concepts are then applied to the case study in order to better understand the security aspects of Russia's energy strategy, the regional dynamics in which Russo-Chinese relations take place and the specific 'logic' behind Russia's energy strategy. The second part focuses on the formulation of Russia's *current* international energy strategy. The third part is devoted to analyzing the Russian and Chinese conceptions of energy security and the consequences of energy inter-dependence on Russo-Chinese energy relations. This section also seeks to assess the extent to which Russia's strategy is successful at leveraging energy advantages and political influence over China and to analyze the implications for Russian-Chinese energy cooperation. Finally, the paper seeks, in the fourth part, to analyze the implications of Russia's foreign energy strategy for its sustainability as an energy supplier. This section is also devoted to presenting and reflecting on the future of Russia's newly developed energy strategy.

Research Hypotheses

Recognizing the fact that the relations between China and Russia are permeated with political and geo-strategic divergences, mistrust and a strong ambivalence (Bellacqua, 2009; Belopolsky, 2009; Mankoff, 2009; Lo, 2006; 2008a; 2008b; Weitz, 2008; Kuchins, 2007; Lukin, 2007) the paper proposes to retain the following hypotheses which draw on the main contention of my M.A. thesis. I argue that, in spite of common interests and inter-dependence on the energy level, China and Russia hold antinomic conceptions of energy security. As a result, energy inter-dependence is perceived as a threat which, in turn, creates a division on issues relating to their mutual energy security and reduces the prospects for cooperation: Russia's objective being to change the balance of inter-dependence to its benefit; and China's objective being to 'break' itself from that inter-dependence. I further argue that, in order to avoid dependency on foreign demand and to keep control on the production as well as on the flows of energy, Russia is conducting a strategy aimed at 'manipulating' the behavior of its clients (Stulberg, 2007). I conclude that this 'manipulative strategy' has failed to gain leverage against China which has developed alternatives to Russian supplies and domestic options for adjustment, thereby raising the stakes of Russia's vulnerability to market dependency.

Framework of Analysis

Theoretical Overture on Russo-Chinese Relations

In his important book, *Russia and China: A theory of Inter-State Relations*, Alexei Voskressenski developed an 'integrated' approach (i.e. combining all levels of analysis in

international relations)³ to analyze Russo-Chinese relations. Voskressenski's theory considers many analytical variables which, together, form a 'multi-factor equilibrium' approach⁴. Despite the fact that his theory is the only one that was specifically developed to understand and predict Russo-Chinese inter-state relations, one quickly comes to the conclusion that scant attention is devoted to the energy dimension of Russo-Chinese relations.

According to Voskressenski, inter-state relations (at large) are influenced by internal and external factors. On the external level, relations are influenced by 'structural/systemic' factors representing the socio-political environment surrounding the units under analysis, namely, China and Russia. Amongst these factors are: other states' foreign policies; the degree of conflict in the international system; the number of states bordering the units studied; regional/international organizations; alliances, etc. (Voskressenski, 2003: 62).. However, Voskressenski does not seem to give weight to the underpinning 'forces' of globalization, the energy policies of Russia and China and the structure of the global energy market as 'structural/systemic' factors capable of influencing Russo-Chinese relations. On the internal level, Voskressenski divides the factors into two categories: objective and subjective. Amongst the internal objective factors are: the physical environment of the units (their geopolitical positioning, territorial size, national resources and endowment, etc.); the economy (structure and process) and its imbrications with the foreign policies of the units; national politics (nature of political systems, political stability; the activities and role of special interests groups in the formulation of the units' foreign policies; demography; and culture (national identity; historical and cultural frames, strategic thoughts, etc.) (Voskressenski, 2003: 62-63). Regarding the internal subjective factors, Voskressenski refers mainly to the national interests articulated by the political elites and policymakers of the units (Voskressenski, 2003: 64).

In my research, I focus on two internal objective factors, namely the importance of the national economy and natural resources in the foreign policy-making of Russia and China. On the subjective level, my research does not seek to elaborate on the 'state' of the debate regarding the national interest within Russian and Chinese political elites. Rather, I 'isolate' energy as a central component of Russia's and China's national interests by analyzing how energy is conceptualized, in the energy policies of the two countries, as a national security issue.

³ In his book, *Man, the State and War*, Kenneth Waltz elaborated three levels of analysis or 'images' to guide the researcher when studying world politics. The first image refers to the 'individual'. The second refers to the 'state'. And the third image refers to the 'international system' (Macleod & O'Meara, 2007: 87-88).

⁴ Voskressenski defines this approach as: '[...] an attempt to narrow general systemic propositions to a middle-range analytic qualitative framework, addressing both exogenous and endogenous determinants of the unit, and based on a realist vision, with an incorporation of an evolutionary dimension.' (Voskressenski, 2003: xx).

Economic Security

In my research, I use the second level⁵ of 'Economic Security', namely macroeconomic security. Christopher Dent defines the concept as follows:

[Economic security] involves safeguarding the structural integrity and prosperity-generating capabilities and interests of a politico-economic entity in the context of various externalized risks and threats that confront it in the international economic system (Dent, 2007: 210).

I concentrate more specifically on two forms of 'Economic Security'⁶: supply security and market access security. The first form refers to securing the supply structures by which states exercise their diplomatic and economic relations, or by which they acquire energy or material resources and technology from foreign sources (Dent, 2007: 211). The second form refers to securing the access to foreign markets. The latter is particularly important for export-driven economies with small domestic markets. These two forms of economic security are intrinsically linked to the structural integrity of the economy in that they contribute to the national techno-industrial development (Dent, 2007: 212-213).

Regional Security Complex

The concept of 'Regional Security Complex' (RSC) was first introduced by Barry Buzan in his book, *People, States & Fear* (1991). In 2003, Buzan and Ole Waever 'actualized' the concept in 2003 in their book, *Regions and Powers: The Structure of International Security*. The concept is defined as follows:

The central idea in [Regional Security Complex] is that, since most threats travel more easily over short distances than long ones, security interdependencies are normally patterned into regionally based clusters: security complexes. Process of securitization and thus the degree of security interdependence are more intense between actors inside such complexes than they are between actors outside of it (Buzan & Waever, 2003: 4).

In other words, a RSC can be understood as a group of states whose security imperatives are inter-related in such a way that their national security cannot be envisaged without considering their reciprocal national security (i.e. the security of one

⁵ The concept of Economic Security is comprised of two levels: micro and macro. The first level focuses on the socio-economic welfare of 'localised agents' such as individuals and local communities. The second level focuses on Foreign Economic Policy (FEP) analysis of states (or actors capable of pursuing FEP goals) and their respective engagements in the international economic system (Dent, 2007: 205).

⁶ There are eight forms of Economic Security, for more details see (Dent, 2007: 211-218).

state cannot be obtained separately from that of others). In a RSC, states are thus concerned by the same security issues and are inter-related with one another (i.e. security inter-dependence) in a way that the maximization of one state's national security will have repercussions on the national security of the other states (Allison & Jonson, 2001: 5). It is important to note that a regional security complex cannot be created in a region dominated by a great power or a regional hegemon (Buzan, 1991: 192). Moreover, there are two components, both with different dynamics, which define a RSC: (a) the distribution of power in the region; and (b) the state of the relations—amity and enmity. Relations characterized by amity are understood as 'relationships ranging from genuine friendship to expectations of protection or support' whereas relations characterized by enmity, as 'relationships set by suspicion and fear.' (Buzan, 1991: 189-199). A RSC is also defined in terms of: (a) economic factors; (b) the existence of or the necessity to create a regional security organization; (c) perceived threats; and (d) the geopolitical, historical and cultural links between the states which 'compose' the regional complex (Haddadi, 1999: 7). On the one hand, a RSC originates from interactions between geographic proximity and the structural effects of the international system (i.e. balance of power and security dilemma)⁷ as well as from the interactions between the states within the complex (Haddadi, 1999: 8). There are two kinds of RSC: (a) high-level; (b) low-level. High-level RSCs are comprised of major geo-strategic actors whereas low-level RSCs are comprised of states whose power cannot be projected beyond their regional environment (Buzan, 1991: 195). Finally, the existence of a RSC consolidates the inter-dependence of the states' convergent interests (positive) *and* divergent interests (negative). Thus, whether negative or positive, security inter-dependence remains the central characteristic of RSCs.

Strategic Manipulation

Adam Stulberg's theory seeks to equip us with analytical 'tools' to comprehend how Russia converts its natural resources into political levers. Stulberg proposes a new concept: that of 'Strategic Manipulation.' The concept is defined as follows: 'Strategic manipulation involves restructuring a target's decision situation, alignment choices, and risks to maximize the appeal of a favorable outcome or minimize the appeal of an unfavorable one.' (Stulberg, 2007: 1). More specifically, Stulberg advances the idea that a state can influence the political choices of others by manipulating their decision-making situation. Contrary to coercive diplomacy which implies using *direct* threats, 'Strategic Manipulation' implies altering (indirectly and without precipitating a crisis) the opportunity costs (by increasing them) and risks (by decreasing them) of compliance (Stulberg, 2007: 6).

⁷ On these particular aspects of the structure of the international system see: (Ken Booth & Nicholas Wheeler, 2007).

The logic behind 'Strategic Manipulation' derives from the fact that policymakers need to deal with risks and uncertainty when making decisions. Building on the premise of *Prospect Theory* (Kahneman & Tversky, 1979; Boettcher, 2004; McDermott, 2004) which stipulates that individuals are more inclined to take risks when facing situations involving potential losses and more reluctant when facing situations involving potential gains, Stulberg argues that the central element of 'Strategic Manipulation' resides in the capacity of a state to 'set' the decision-making agenda of another. For Stulberg, a state which is poised to determine the 'value of exchange' is a state which can shape the decisions and the risk-taking propensity of another (Stulberg, 2007: 7). Therefore, for Russia to convince its energy partners to comply with its interests, it must make this compliance 'attractive', either (1) by highlighting (or 'selling') the positive results that such action could bring compared to other options or (2) by increasing the opportunity costs (the gaining prospects) of compliance vis-à-vis the risks (the losing prospects) that non-compliance could bring (Stulberg, 2007: 7). The idea is thus that through 'Strategic Manipulation', an energy producer like Russia could reach its goals without explicitly threatening, punishing or profoundly altering the behavior of its 'targets'. Finally, according to Stulberg, the capacity of a state's 'manipulative' energy diplomacy rests on two conditions: (1) its market power in global energy markets; (2) a discrete regulatory mechanism or authority to 'ensure that domestic actors with direct responsibility for controlling energy resources and extraterritorial activities line up behind its statecraft' (Stulberg, 2007: 7). A state benefiting from a dominant position in global energy markets has more chances to 'impose' its wills on targets which lack 'third party alternatives or domestic options for adjustment' (Stulberg, 2007 : 7). However, Stulberg underscores that vulnerability alone 'does not guarantee' the targets' compliance to the interests of the manipulator. Indeed, a manipulator must also benefit from a discrete authority to regulate the energy sector and 'mobilize national resources so that domestic energy firms pursue policies that align the substantive appeal of compliance with a target's risk-taking propensity.' (Stulberg, 2007: 7). Yet, this discrete authority does not need to 'impose' or 'force' compliance on its national firms. Rather, it must strive to shape the politico-commercial incentives for domestic firms and agents (e.g. lobbies) so as to make their interests compatible with those of the state (Stulberg, 2007: 7).

Russia's Energy Strategy

Russia's official energy strategy is elaborated in the document *Russia's Energy Strategy until 2020* which was published in 2003. In this document, Russia's natural resources are described as being essential to its energy security and economic health. This strategy includes four main objectives: (1) securing domestic energy supplies at stable prices; (2) energy saving and conservation technologies; (3) financial stability and the maximization of investments (national and foreign); and (4) environmental protection

(Brookings Institution, 2006: 21). The strategy also suggests that the state ought to limit its role as a 'commercial actor' in the energy sector while simultaneously strengthen its role in the establishment of market infrastructure and regulation mechanisms (Brookings Institution, 2006: 21). Other more specific objectives include: (5) 10 mb/d in oil production and exports of about 6 mb/d by 2020; (6) the production of 680-730 bcm and the exports of 240-280 bcm of gas by 2020; (7) the construction of new pipelines in the Baltic, the Black and the Mediterranean seas; (8) the development of a new energy network in Eastern Siberia and in the Far East regions which could supply resources toward new Asian markets (e.g. Japan, China and South Korea); and (9) the development of liquid natural gas (LNG) infrastructure (Brookings Institution, 2006 : 22).

Russia's energy strategy is a good example of the possible connections between energy security and foreign policy. If the internal angle of the strategy is important, the external angle is no less important. In *Russia's Energy Strategy until 2020*, it is mentioned that one of the principal objectives of Russia is to utilize its natural resources and energy infrastructure as instruments to reintegrate the Post-Soviet Space politically and economically (Stulberg, 2007: 98). The strategy aimed at investing abundantly in the energy sectors of the members of the Commonwealth of Independent States (CIS) to advance Russia's economic and energy interests. Following the analysis of Stulberg, it is possible to establish a link between this strategy and the concept of 'Strategic Manipulation'. First, according to Stulberg, in order to harmonize production and processing activities across the Post-Soviet Space, the Kremlin together with state-owned and private enterprises had to strategically interact: '[The] *Energy Strategy* summoned state and private entities to exert pressure on regional states to ease Russia's access to international markets and facilitate the realization of the export potential of Russian energy. » (Stulberg, 2007: 98). Second, Russia's energy strategy takes place in a form of 'State Capitalism' where the Kremlin exerts control over the development of energy resources, the regulation process and the actors within the energy sector; hence the 'regulatory state capacity' which Stulberg refers to (Stulberg, 2007: 6). This strategy is also strongly focused on 'Economic Security' in that the Russian state sought to implement a strategy to protect and increase Russia's 'weight' within the world economy by using the 'cogwheels' of global energy markets, its energy firms and regulatory institutions as instruments of statecraft for acquiring key technologies and controlling strategic segments such as energy. Even if state-owned firms such as Gazprom, Rosneft, Transneft and other private ones such as Lukoil operate on a commercial base, they have played and continue to play an active role in Russia's foreign policy. To a certain extent, these firms are more important than the Russian Ministry of Foreign Affairs (Lo, 2008b: 139). Furthermore, Russia seems to have recognized the importance of imperfect competition in global energy markets in that its energy strategy seeks to dynamize the Russian economy and increase its competitiveness and market power at the international

level: '[...] the focal point of strategic energy policy was to steer market mechanisms to uphold the country's role as a *primes inter pares* in the Eurasian gas equation, and to exploit this dominance as a spring-board for "achieving competitive advantages in the global markets".' (Stulberg, 2007: 98).

In definitive, this strategy indicates that for Russia to regain its great power status in a totally different context, that is, in the absence of empire and in heightened market competition conditions in global energy markets, it needs to convert its economic capacities (i.e. natural resources) into (geo)political levers. In this sense, Russia's energy strategy is in line with the larger framework of its international strategy.

Demystifying Russia's Energy Policy toward China

China and Russia: Two Antinomic Conceptions of Energy Security

For Russia, possessing vast oil and gas reserves constitutes important power and economic development warrantees. As Bobo Lo explained it, unlike nuclear weapons during the soviet period, Russian energy now represents a source of national power that is more flexible and exploitable: 'Whereas the world once feared possible nuclear confrontation, now many countries, the mighty and the not so mighty, both fear and need Russian energy.' (Lo, 2008b: 132). Furthermore, according to Gregory L. White, the logic behind the Kremlin's move to regain control over Russia's energy sector consisted in an effort to regain a great power status (*derzhavnost*) after the dissolution of the Soviet Union: '[The logic is] to use Russia's vast reserves of gas and oil to rebuild some of the geopolitical heft that vanished with the collapse of the Soviet Union in 1991.' (Cited in Klare, 2008: 97). For China, energy plays an important role as well since it is essential to support its economic growth and modernization. Therefore, just as Russia will depend on its energy production and exportations, China will depend on its energy importations. However, both countries take different views of energy security. In fact, the most fundamental divergence which contributes to 'cooling' Russo-Chinese relations is the antinomy between Russia's and China's conceptions of energy security.

In effect, for Russia, energy security means security of demand which we can link to the second form of economic security, namely market access security. Taking into consideration the important role the energy sector plays in the Russian economy, any 'marker failure' would inevitably have *nefast* effects on Russia's economic development and social stability (Lo, 2008b: 133). Conversely, for China, energy security signifies security of supply. This conception can be linked to the first form of economic security, namely the security of supply structures. Indeed, what counts for the Chinese state is the access to affordable energy from diversified and reliable sources. Moreover, Chinese energy supplies must be constant and abundant in order to sustain its socio-economic modernization. Notwithstanding the importance of securing the *energy flows* for both

China (vis-à-vis Russian supply) and Russia (vis-à-vis Chinese demand), their energy relations are characterized by a ‘polarization’ of their respective conceptions of energy security which, in turn, affects their mutual perceptions and multiplies the degree of competitiveness to *secure* the ‘safe and uninterrupted’ production, transportation, and distribution of energy (Klare, 2008: 228; Lo, 2008b: 133).

Energy Inter-dependence: Toward a Russo-Chinese Regional Energy Complex?

For Buzan and Waeber, an important factor which could define a RSC is the economy. For Dent, one of the principal aspects of Economic Security is the safeguard of the ‘structural integrity’ of the national economy as well as the protection of the ‘prosperity-generating capabilities and interests’ of a state in a context of risks and threats emanating from the structure of the international economic system (Dent, 2007: 210). Therefore, in a context of close inter-state relations which are taking place in a limited geographic environment, energy security could serve as the complex’s ‘nerve-center’. In effect, energy security concerns become salient when energy inter-dependence is perceived as a threat and thus subject to security measures from the states involved in the region (Palonkorpi, 2007: 3). This is also true for energy producers and exporters which can also see in ‘market dependency’ a security issue necessitating the implementation of concrete security measures (Palonkorpi, 2007: 5). Another important aspect to be taken into consideration when energy forms the RSC’s pivot is the state of the relations between the states involved in the region. As the RSC concept shows, there are two components which define a complex: (a) the distribution of political power in the region; (b) the type of relations (*amity* or *enmity*) (Buzan, 1991: 189-1994). These dynamics can influence the perceptions of a state vis-à-vis its energy dependence and explain why certain types of inter-dependences are ‘politicized’ (securitized) and others are not (Palonkorpi, 2007: 5). Furthermore, these dynamics can either consolidate the inter-dependence of convergent and/or divergent interests, for energy inter-dependence can either be positive (mutually beneficial) or negative (mutually threatening). Finally, we need to consider the importance of the world’s gas market which, unlike the world’s oil market, is strongly regionalized and implies transactions which more geographically ‘concentrated’ (Reymond, 2009 : 112). Therefore, once operational, gas pipelines transiting between exporters and consumers accentuate the energy inter-dependence. Barry Naughten illustrates this idea well: ‘Once built they [pipelines] cannot be moved and lock the seller and the buyer into a long-term relationship.’ (Naughten, 2007: 140).

With regard to Russo-Chinese energy relations, the two states find themselves in some sort of ‘Regional Energy Security Complex’ (Palonkorpi, 2007; 2009) in which the presence of old historical antagonisms, global energy market forces and regional geopolitics constitute influential factors which shape the way they perceive one and other, and their relations as a whole. On the one hand, Russia is seeking to diversify its markets and supply

routes. On the other, China has declared its intention to diversify its energy sources to reduce its dependence vis-à-vis the Middle East. This makes China a formidable potential buyer for Russia and Russia a formidable potential energy supplier for China. However, the Kremlin fears an over-dependence on China if it becomes Russia's principal market; hence its desire to expand Russia's influence in other Asian energy markets such as Japan and South Korea while simultaneously reassuring Europe that it will continue to be Russia's biggest clients (East-West manoeuvring). China, for its part, fears it will be over-exposed to supply interruptions or reductions from Russia; hence the quest to diversify its supply sources as evidenced by many deals concluded with important energy producers in Central Asia, the Middle East, Latin America and Africa. Yet, despite their mutual fear and reluctance to deepen their collaboration, the two countries need to realize that they depend on one and other: China on Russia for its supply security and Russia on China for its market security and for the development of its resources. This situation can be linked to the fact that in a RSC, the security of one state cannot be obtained separately from that of the other states involved in the complex. Russia's energy imperatives and the ones of China, although of different nature, are interrelated in such a way that the *energy security* of one cannot be considered without that of the other to the risk of breaking the 'energy link'. In other words, Russia's energy security and China's energy security are both the 'sides of the same coin' where the energy and security inter-dependences are too important to be apprehended separately. The maximization of Russia's energy and economic security (i.e. market security; control of energy production and energy flows) risks affecting that of China (i.e. supply security, price and diversified sources) and vice and versa. Thus, the achievement of 'exclusive' energy security is very complex. But because of the polarisation of Russia's and China's energy security conceptions, energy inter-dependence is perceived as a threat which, in turn, affects the degree of inter-dependence as it generates security reflexes on both sides, thereby creating a line of division on issues relating to their mutual energy security and reducing the prospects for cooperation. As mentioned above, for Russia, the objective is to change the balance of inter-dependence to its benefit by abusing of China's dependence on foreign energy and by playing it against other buyers (e.g. Japan and Europe) in order to avoid dependence on one single market. For China, the objective is to 'break' itself from that inter-dependence by investing in new energy use patterns (alternative energy sources and efficiency technologies) and by diversifying its sources through more effective *pipeline diplomacy* with other energy suppliers. In short, China and Russia are locked in a 'perception trap' which has plunged them in a 'diversification race' (Götz, 2007: 6).

Russia's Energy Diplomacy toward China: Strategic Manipulation or Unwitting Market Dependency?

According to Stulberg, if Russia is capable of utilizing its market power and its domestic regulatory authority to 'manipulate the substantive appeal of alternative policy options for risk-adverse targets', it should be capable of discouraging the defection of these targets and 'guide' them toward complying with its energy security interests (Stulberg, 2007 : 7). Conversely, Moscow's efforts should, in theory, be thwarted either by: (1) states that are less vulnerable than others to 'market forces'; (2) failure of the Kremlin to rally Russian national and private energy firms due to a lack of regulatory authority (Stulberg, 2007 : 7). According to Stulberg, if these two variables are necessary for a 'manipulator' to convince specific 'targets' to comply with its interests, then Moscow's inability to consolidate *both* of these variables should result in a situation of 'target defiance'. However, Moscow ability to consolidate *one* of these variables should result in a situation of 'mutual accommodation' (Stulberg, 2007: 7). Therefore, when analyzing Russia's energy diplomacy toward China and according to Stulberg's theory, a scenario of 'mutual accommodation' is predictable. That is to say, a situation in which '[...] the best that Moscow can hope for it to wrangle minimally acceptable regional energy security policies from foreign targets that are overwhelmingly commercial not political in nature.' (Stulberg, 2007:8). In effect, even if Russian energy firms (private and state-owned) continue to apply (or at least not go against) the Kremlin's strategy in the future and even if Russia continues to enjoy market power with major consumers such as the EU, a 'manipulative' strategy such as the one conducted will fail to gain leverage against China. Indeed, China, in addition to being aware of Russia's 'game', has developed alternatives to Russian supplies and is seeking domestic options for adjustment (e.g. strategic reserves; energy efficiency; alternative energy sources; new technologies, etc.). In fact, the principal objective of China's future energy strategy (which will officially be formulated in the twelfth five year plan—*Shierwu* period) will be to reform its energy sector in order to maximize domestic production and supplies. Moreover, Beijing's new strategy seeks, on top of diversifying its supply sources for gas and oil, to diversify the country's 'energy mix' in order to decrease its dependence on foreign fossil fuels. Also China's seems to have understood, the same way Russia's has, the importance of converging energy interests and foreign economic policy interests (Guo & Blanchard, 2008: 174; He, 2009: 56; Liu, 2009: 19). What is more, China is aware that Russia is seeking to use its energy resources as a political lever against major consumers such as Europe by threatening to 'deviate' its supplies toward Asia. In other words, China is conscious that it is being 'used' so that Russia can consolidate its *emprise* on Europe's energy market⁸. The words of Rosneft's President, Sergei Bogdanchikov, are a

⁸According to Anita Orban, regarding Europe, Russia's stratagem includes three objectives: (1) diversifying its pipeline routes to the North and South by convincing major European consumers (e.g. Germany; Italy) and their respective national energy firms to join Russia in the construction of new pipelines (i.e. Yamal 1; Nord Stream and South Stream) ;

good example of Russia's political *chantage*: 'Our partners must understand that Russia has a surplus rather than a deficit of pipeline capacity, and we can also supply oil to Europe.' (Cited in Weitz, 2008: 24). The ones of Gazprom's spokesperson, Sergey Kupriyanov, are just as eloquent: 'We just want European countries to understand that we have other alternatives in terms of gas sales. We have a fast-growing Chinese market [...] If the European Union wants our gas, then it will have to consider our interests as well.' (Cited in Buckley & Ostrovsky, 2006). Thus, to avoid being caught in Russia's 'trap' and being left with no warranty of supply security, China has recently sought to sign deals with other important energy suppliers. For example, in August 2009, China closed a new natural gas deal with Australia worth \$41 billion over 20 years to the detriment of Russia (Anderlini & Smith, 2009). Another important aspect which can support the scenario of mutual-accommodation is the fact that Beijing's forthcoming energy strategy seems to recognize the urgency for China's energy security to adopt a new 'energy model' based on stronger domestic demand management (Herberg, 2009: 269). This 'awareness' can only diminish the possibilities of Russia succeeding in strategically manipulating China. In definitive, despite Russia's domestic institutional power, if it does not change its approach toward China, it will find it difficult to extract meaningful strategic concessions from a China whose becoming more 'independent-minded' and 'less susceptible to overbearing' external political pressure (Stulberg, 2007: 54).

Finally, by seeking to 'manipulate' energy inter-dependence and to 'divide and rule' the states which depend on and look forward to cooperate in the development of its resources, Russia may see its strategy become self-negating (Chun, 2008; Lo, 2008b). Indeed, with the importance of the European energy market, the under-investment—estimated at €800 billion by 2030—in the Russian energy sector as well as the reconsideration of China's interest for Russian energy, Russia's objective to 'deviate' its supplies toward Asia while still keeping control over the European market seems most unlikely to be achieved (Closson, 2009: 90). In these circumstances, the Russian leadership has to recognize that Russia depends on its clients (i.e. on markets) just as they depend on Russia (i.e. on supplies). With regard to Russo-Chinese energy links, Bolo Lo illustrates this idea well: 'As things stand, however, China's dominant position among Russia's energy customers means that the buyer in this instance is at least as influential as the seller, notwithstanding Russia's reputation as an energy superpower.' (Lo, 2006: 16).

(2) acquiring strategic energy assets in specific central European Countries (e.g. Poland; Slovakia; Hungary) in order to control the distribution of resources *within* the European Union (EU) itself; and (3) circumventing Poland, Belarus and Ukraine through new supply routes in order to counter its dependence on these transit countries and influence their policy agenda (Orban, 2008: 4). In short, the Kremlin is trying to secure its market access and at the same time protect and advance its upstream energy interest (e.g. resource production and transportation) *around* the EU as well as its downstream interests (e.g. energy processing and distribution) *within* the EU so as to hold monopoly on Europe's energy market (Mankoff, 2009: 180; Raymond, 2009: 112).

Conclusion

Petro-Russia: What Kind of Superpower?

Notwithstanding Russia's *stature* in global energy markets, some specialists argue that Russia, at the current production and extraction rates, will not be able to sustain its own production as well as fulfil its energy commitments (Goldthau, 2008b; Price, 2007; Milov, Coburn & Danchenko: 2007; Hanson, 2009a; 2007). For Russia to continue supplying over a quarter of Europe's energy (in 2007 the EU imported close to 30% of its oil and 50% of its gas from Russia), abundant investments are going to be needed (Mankoff, 2009: 176). Indeed, Russia's energy sector suffers from a chronic lack of investments which are necessary to modernize its energy supply system, to develop new fields—located in remote regions (Eastern regions, Northern regions and Arctic off-shore) where the geologic conditions only complicates exploitation—to compensate for the declining production of its oil and gas fields in Western Siberia and to diversify its overall economic output. For example, the growth rate of added value in Russia's energy sector decreased from 7.9% in 2004 to 1.7% in 2005 (Closson, 2009: 101). With the economic crisis of 2008, some experts predict that this situation can only worsen, thereby complicating Russia's capacity to maintain its energy commitments, especially if it desires to conquer new markets (Hanson, 2009b; Morales, 2008; Rutland, 2008). In the event of Russia's failure to maintain its current energy flows, its clients could demand that the *take-or-pay* (i.e. paying for a fixed energy quantity regardless of the quantity consumed) provisions be removed from their energy deals (Closson, 2009: 101). Provisions which, thus far, have been to Russia's advantage. What about the effects of the world's energy prices? Another drastic cut in these prices would have serious reverberations for the already weakened Russian economy. Such a scenario would cause the national debt to grow even more, the liquidation of even more of Russia's stabilization capital, hurt the already decreasing energy output and discourage energy firms (Russian and foreign) to invest in new energy projects inside Russia due to a disadvantageous 'cost-effectiveness' ratio (Ollus, 2007: 4-11). For example, according to the Ministry of Economic Development (MinEkon), Russia's GDP dropped 10.1% in the first half of 2009 in comparison to the same period in 2008. The federal budget went from a 5% surplus in 2007 to a 7.5% deficit in 2009 (Connolly, 2009: 2). In addition, Russia's foreign exchange reserves decreased from \$600 billion to \$400 billion in August 2009, its stabilization funds went from \$225 billion in 2008 to \$176.4 billion in August 2009 and the exchange rate of the ruble depreciated considerably (Connolly, 2009: 2).

Other experts argue that Russia is more aware than we think of its fragile situation and is mindful of the damages that exercising leverage through the 'instrumentalization' of energy could have on its reputation as an energy supplier. These experts advance the idea that Russia seeks to control the 'uncertainty' in its energy relations (Gomart & Dellecker, 2009; Lo, 2008b). According to Bobo Lo, 'the essence of the

policy of creative doubt is to foster in customers a measure of 'controllable uncertainty', of neither complacency nor panic' (Lo, 2008b: 139). On the one hand, Russia reassures its most faithful clients that it is a reliable long term energy supplier while, on the other, it likes to remind the ones who prove themselves 'hostile' to its attempts to secure energy assets of the heavy costs of disregarding its interests (Lo, 2008b: 139).

But does this stratagem make Russia a successful 'manipulator'? As mentioned above, to be able to manipulate the options presented as alternatives to its 'targets', the Russian state, in line with its energy firms, must control their risk propensity by convincing them to comply with its energy security interests. This can be done by increasing the opportunity costs associated with compliance (gains in terms of supply security, advantageous prices, privilege access to Russia's energy sector) vis-à-vis the risks (loses in terms of economic rents, supply security, competitive position vis-à-vis other clients) associated with non-compliance (Stulberg, 2007: 7). However, even if Russia has the ability to convince its energy partners to comply with its interests due to a strong market power and tight 'grip' on domestic actors, it has yet to make this compliance 'attractive'. Indeed, judging by the Russian inclination to control the Eurasian energy ellipse, its recent blocking and expropriation of foreign firms (e.g. Sakhaline-2 in 2006; Kovykta in 2007) as well as its recent cuts and reductions in energy supplies (e.g. Latvia in January 2003; Lithuania in July 2006; Georgia in January 2006; Poland in October 2006, Belarus in January 2007), it clearly seems as though Russia prefers to use the stick rather than the carrot.

Russia's New Energy Strategy: Recognizing Market Dependency?

Even if Russian leaders have understood that state-control over natural resources could serve as Russia's greatest political asset to regain its great power status in heightened market competition conditions, it seems as though they have not completely understood that the self-defeating character of being an energy-based power is that the economy remains overly dependent on the energy sector. Energy revenues correspond to a quarter of Russia's GDP, to three-fifths of its exports and close to half of the federal budget (Hanson, 2009a: 27). However, it is worth noting that with the global financial crisis, Russia was forced to take into consideration the importance of foreign investment and technological innovation for the development of its energy resources. In effect, according to Alexei Gromov, the Deputy Director of Russia's State Institute of Energy Strategy, Russia's new energy strategy, *Russian Energy Strategy for the period up to 2030*, aims at shifting from a 'resource-based and export-oriented' economy to an 'innovative economy' further integrated in the global energy system (Gromov, 2009: 4). On this point, Russia's new energy strategy puts focus on research and development and

new production factors⁹ as major forces involved in economic growth, geographic distribution of economic activities (geo-economics) and international market competition. More concretely, the strategy aims at reducing the share of the energy sector in the structure of GDP from 30% to 18% by 2030 (Gromov, 2009: 7). To this end, Russia's new strategy is based on three critical stages: (1) the 'engine' stage (2009-2015): economic recovery and investment to create a 'backlog' of massive construction and renovation of Russia's energy production assets and infrastructure; (2) the 'innovative designer' stage (2013-2020): investment in 'capital-intensive projects' to modernize the material and technical base of the Russian fuel and energy complex (2015-2022); (3) the 'innovative development' stage (2022-2030): energy development based on new technologies, modern equipment and new 'operating principals' as well as the development of alternatives energy sources (Gromov, 2009 : 11; Gromov, 2008:4).

This strategy has just been approved by the Russian government and its implementation is still under way. Therefore, it is too soon to know whether Russia will effectively succeed in realizing all of its objectives. The outcome is likely to be influenced by domestic dynamics within Russia's energy sector, geopolitical and geo-economical developments in Eurasia and the alignment of Russia's foreign policy—an issue on which, at the time when these pages are written, we can only conjecture. However, what is not a matter of conjecture is the fact that Russia will remain a major actor in the global energy system and is not likely to loosen its rigid control over energy production and exports, and put an end to its strategic interactions with its energy firms and its assertive *pipeline diplomacy*. According to the latest data provided by the new strategy, Russia seeks to produce up to 535 million tons of oil—an increase of 42 million tons compared to 2008—and 940 bcm of gas—an increase of 275 bcm compared to 2008—by 2030 (Russian-American Chamber of Commerce, 2009). On the exports level, the strategy plans to export 330 million tons of oil—an increase of 86 million tons compared to 2008—and 368 bcm of gas—an increase of 194 bcm compared to 2008—by 2030 (Russian-American Chamber of Commerce, 2009). Furthermore, an important point of the strategy is to 'support the Russian gas companies in the exploration and exploitation of gas fields and building gas-transport infrastructure abroad', and widen the 'integrated gas-transporting system between Europe and Asia' so as to give Moscow the upper hand in the management of transit supplies (Gromov, 2009: 17, 19). Finally, the strategy states that one of the central objectives is to place Russia as a 'scientific and technological leader in key sectors of the world economy' as a means of guarantying its energy security (and by extension, its national security) and strengthen its competitiveness in global markets (Gromov, 2009: 4).

⁹ Human capital, scientific knowledge and technological innovation.

Regardless of Russia's new approach to state and foreign energy policy, it is worth bearing in mind that Russia is operating in a global energy system characterized by imperfect competition. That is to say, Russia is not the only player in the 'game' and important consumers such as China are clearly aware of this. Therefore, despite Russia's persuasive power and expertise in energy geopolitics, the values of commercial reciprocity and mutual cooperation should not be trivialized, for a customer like China will not succumb to aggressive sales tactics. No customer likes to be 'pushed' into buying. A customer must always feel 'comfortable' prior to doing so.

References

Books and Chapters

- Allison, Roy & Jonson, Lena (eds.), *Central Asian Security: The New International Context*, Washington D.C.: Brookings Institute and RIIA, 2001, p. 127-152.
- Bellacqua, James (ed.). *The Future of China-Russia Relations*. University of Kentucky Press, 2009, 352p.
- Belopolsky, Helen. *Russia and the Challengers. Russian Alignment with China, Iran and Iraq in the Unipolar Era*. Houndmills: Palgrave Macmillan. St Antony's Series, 2009, 280p.
- Baev, Pavel. *Russian Energy Policy and Military Power: Putin's Quest for Greatness*, New York: Routledge, 2008, 237p.
- Booth, Ken, & Nicholas Wheeler, *Security Dilemma: Fear, Cooperation, and Trust in World Politics*. New York : Palgrave Macmillan, 2007, 272p.
- Buzan & Ole Wøever. *Regions and Powers: The Structure of International Security*. Cambridge: Cambridge University Press, 2003, 564p.
- Buzan, Barry, Ole Weaver and Jaap de Wilde. *Security: A New Framework of Analysis*. Boulder: Lynne Rienner Publishers, 1998. 239p.
- Buzan, Barry, *People, States & Fear: the national security problem in international relations*. Sussex: Wheatsheaf, 1991 (2nd ed), 339p.
- Closson, Stacy. 'Russia's key customer: Europe'. In Jeronim Perovic, R. Orttung & A. Wenger (eds). *Russian Energy Power and Foreign Relations: Implications to Conflict and Cooperation*. p. 89-109. New York: Routledge, 2009.
- Dent, Christopher. 'Economic Security'. In Alan Collins (ed.). *Contemporary Security studies*, p. 204-221. Oxford: Oxford University Press, 2007.
- Dan, Shi. 'China's Energy Policy and its Development'. In Antonio Marquina (ed.). *Energy Security. Visions from Asia and Europe*. p. 135-146. Houndmills: Palgrave Macmillan, 2008.
- Gomart, Thomas and Andrian Dellecker. 'Introduction: The Restoration of Russian Power: Toward an Energy-Based Deterrence'. In Andrian Dellecker and Thomas Gomart (eds). *Russian Energy Security and Foreign Policy*. New York: Routledge, 2009.
- Grigoriev, Leonid. 'Russia's grip on Energy Infrastructure and the Link to Foreign Policy'. In Andrian Dellecker and Thomas Gomart (eds). *Russian Energy Security and Foreign Policy*. New York: Routledge, 2009.
- Guo, Sujian & Blanchard, Jean-Marc (eds.). *Harmonious World and China's New Foreign Policy*. Lexington Books, Lanham, USA, 2008.
- Goldman, Marshall I. *Petrostate: Putin, Power and the New Russia*, Oxford: Oxford University Press, 2008, 244p.
- Herberg, Mikkal. « Fuelling the Dragon: China's Energy Prospects and International Implications ». In Andreas Wenger, Robert Orttung & Jeronim Perovic (eds). *Energy and*

the Transformation of International Relations. Oxford: Oxford University Press, 2009, p. 276-277.

Hanson, Philip. 'The sustainability of Russia's energy power: implications for the Russian economy'. In Perovic Jeronim, Robert W Orttung, Andreas Wenger (eds). *Russian Energy Power and Foreign Relations: Implications for Conflict and Cooperation*. p. 23-51. New York: Routledge, 2009a.

Kong, Bo. *China's International Petroleum Policy*. Praeger Publishers, 2009, 246p.

Kuhr, Natasha. *Russian Policy towards China and Japan. The El'tsin and Putin periods*. New York: Routledge, 2007, 222p.

Kalicki, Jan & David, Goldwyn (eds.). *Energy and Security: Toward a New Foreign Policy Strategy*, Baltimore: Johns Hopkins University Press, 2005, 640p

Klare, Michael T. *Rising powers, shrinking planet: the new geopolitics of energy*. New York: Metropolitan Books, 2008, 339p.

Lo, Bobo. *Axis of Convenience: Moscow, Beijing and the New Geopolitics*. Chatham House/Brookings, 2008b, 277p.

Lukin, Alexander. 'The Russian Approach to China under Gorbachev, Yeltsin and, Putin'. In Gilbert Rozman, Kazuhiko Togo & Joseph P. Ferguson (eds). *Russian Strategic Thought Toward Asia*. p. 139-165. New York: Palgrave, 2007.

Macleod, Alex et Dan O'Meara (eds.). *Théories des relations internationales : Contestations et résistances*. Montréal : Athéna éditions, 2007, 515p.

Mankoff, Jeffrey. *Russian Foreign Policy. The Return of Great Power Politics*. Lanham: Rowman & Littlefield Publishers, Inc, 2009, 357p.

Morales, Javier. 'Russia as an Energy Great Power: Consequences for EU Energy Security'. In Antonio Marquina (ed.). *Energy Security. Visions from Asia and Europe*. p. 24-33. Houndmills: Palgrave Macmillan, 2008.

Nygren, Bretil. *The Rebuilding of Greater Russia. Putin's foreign policy towards the CIS countries*. London: Routledge, 2008, 336p.

Naughten, Barry. 'The Impact of the new Asia-Pacific energy competition on Russia and the Central Asia states'. In Michael Wesley (ed.). *Energy Security in Asia*. p. 128-157. New York: Routledge, 2007.

Orban, Anita. *Power, Energy, and the New Russian Imperialism*. Westport: Praeger Security International, 2008, 252p.

Pousenkova, Nina. 'Russia's future customers: Asia and beyond'. In Perovic Jeronim, Robert W Orttung, Andreas Wenger (eds). *Russian Energy Power and Foreign Relations: Implications for Conflict and Cooperation*. p. 132-155. New York: Routledge, 2009.

Rangsimaporn, Paradorn. *Russia as an Aspiring Great Power in East Asia Perceptions and Policies from Yeltsin to Putin*. Houndmills: Palgrave Macmillan. St Antony's Series, 2009, 272p.

Stulberg, Adam N. *Well-Oiled Diplomacy*. Albany: State University of New York Press, 2007, 333p.

Voskressenski, Alexei. *Russia and China: A Theory of Inter-State Relations*. London : RoutledgeCurzon, 2003, 279p.

Articles

Boettcher, William. 'The Prospects for Prospect Theory: An Empirical Evaluation of International Relations Applications of Framing and Loss Aversion', *Political Psychology*, Vol. 25, no 3 (2004), p. 331-362.

Connoly, Richard, 'Financial Vulnerabilities in Russia', *Russian Analytical Digest*, no 65 (October 2009), p.2-5.

Chun, Hongchan. 'Russia's Energy Diplomacy toward Europe and Northeast Asia: A Comparative Study', *Asia Europe Journal*, vol. 7, no 2 (June 2009), p.327-343.

Cheng, Joseph Y.S. 'A Chinese View of China's Energy Security', *Journal of Contemporary China*, vol. 17, no 55, (May 2008), p. 297-317.

Ferdinand, Peter. 'Sunset, sunrise: China and Russia construct a new relationship', *International Affairs*, vol. 83, no 5 (2007), p. 841-867.

_____. 'Russia and China: converging responses to globalization', *International Affairs*, vol. 83, no 4 (2007), p. 655 – 680.

He, Qiong. 中国能源安全问题探讨及对策研究[Discussion and Strategy about the Energy Security of China]. 中国安全科学学报[China Safety Science Journal], Vol.19, No.6, June 2009.

Hanson, Philip. « Oil and the Economic Crisis in Russia », *Russian Analytical Digest*, no 52 (February 2009b), p.2-4.

Goldthau, Andreas. « Resurgent Russia? Rethinking Energy Inc », *Policy Review*, no 147, (February/March 2008a), p.53-63.

_____. « Rhetoric Versus Reality: Russian Threats to European Energy Supply », *Energy Policy*, vol. 36, no. 2 (2008b), p. 686-692.

Kuchins, Andrew. 'Russia and China: The Ambivalent Embrace', *Current History*, vol. 106, no 702 (October 2007), p. 321-327.

Kahneman, Daniel & Tversky, Amos. 'Prospect Theory: An Analysis of Decision under Risk', *Econometrica: Journal of the Econometric Society*, Vol. 47, no 2 (1979), p. 263-292.

Liu, Shutan. 国际能源新形势下的 :中国能源安全战略研究[The International Energy under a new situation : Research on China's energy security strategy]. 黑龙江对外经贸 [HJ Foreign Economic Relations and Trade], No.10, Serial No.184, 2009.

Lo, Bobo. 'The long sunset of strategic partnership: Russia's evolving China policy', *International Affairs*, vol. 80, no 2 (2004), p. 295-309.

Lorot, Pascal. 'La géoéconomie, nouvelle grammaire des rivalités internationales', *Annuaire français des relations internationales*, Bruylant : Bruxelles, 2000, p. 110-122

Milov, Vladimir, Leonard L. Coburn, and Igor Danchenko. 'Russia's Energy Policy, 1992–

2005', *Eurasian Geography and Economics*, Vol. 47, no. 3 (2006), p. 285-313.

McDermott, Rose. 'Prospect Theory in Political Science: Gains and Losses from the First Decade', *Political Psychology*, Vol. 25, no 2 (2004), p. 289-312.

Price, Robert. « Energy Reform in Russia and the Implications for European Energy Security », *The Journal of Post-Soviet Democratization*, vol. 15, no. 4 (2007), p. 390-407.

Rutland, Peter. 'The Impact of the Global Financial Crisis on Russia', *Russian Analytical Digest*, no 48 (October 2008), p. 2-5.

Conference Proceedings

Chun, Hongchan. 'Russia's Energy Diplomacy toward Europe and North East Asia: A Comparative Study', *World International Studies Conference*, Ljubljana: Slovenia, (July 23-26, 2008), 26p.

Gromov, Alexei. 'Strategic Development of Power Generation in the Context of "Energy Strategy of Russia for the Year 2030"', *11th Prague International Energy Conference*, Prague, 24-26 September 2009. [Online]: [www.energystrategy.ru/ab_ins/source/Gromov_Praga\(25.09.09\).ppt](http://www.energystrategy.ru/ab_ins/source/Gromov_Praga(25.09.09).ppt)

_____. 'Energy Strategy of Russia for the Year 2030: Approaches, Priorities and Reference Points', *EU-Russia cooperation: Energy and Climate Changes Conference*, MGIMO, Moscow, October, 23, 2009. [Online]: www.energystrategy.ru/ab_ins/source/Gromov_MGIMO-23.10.09.ppt

_____. 'Russian Energy Strategy for the period up to 2030: the Way to the Innovative Energy Development', II *International exhibition-congress '21st century perspective technologies'*. Moscow, Sep. 30, October 1, 2008. [Online]: http://www.iea.org/work/2008/neet_russia/Gromov.pdf

Hashim, Mohsin. 'Power-Loss or Power-Transition? Assessing the Limits of Using Energy Sector in Reviving Russia's Geopolitical Stature'. *2009 Annual Convention of the International Studies Association*. New York: (February 15-18, 2009), 31p.

Palonkorpi, Mikko. 'Energy Security Complex Theory: Russia's Energy Policy and the Caucasus'. *AAASS 41st National Convention*, Boston, November 12-15, 2009.

Ziegler, Charles E. 'Russia and Asia in the 21st Century: The Energy Dimension', *50th Annual Convention of the International Studies Association*. New York: (February 15-18, 2009), 30p.

Workings Papers and Studies

Baev, Pavel. *The East-West Maneuvering in Russia's Energy Policy – Could Oil and Gas Exports to China Endanger Europe's Energy Security?* Oslo: RUSSCASP Working Paper, August 2008, 14 p.

Brookings Institution. *The Russian Federation*. Washington D.C.: The Brookings Foreign Policy Studies/Energy Security Series, 2006, 30p.

Götz, Roland. 'A pipeline race between the EU and Russia?'. In Barysch, Katinka (ed), *Pipelines, Politics and Power: The future of EU-Russia energy relations*. p. 93-102. London: Centre for European Reform (CER), 2008.

_____. *Russian Gas and European Energy Security*. SWP Research Paper RP 10, Berlin: Stiftung Wissenschaft und Politik, November 2007. 21p.

Hanson, Philip. *The Sustainability of Russia's Energy Power: Implications for the Russian Economy*. Economics Working Paper 84, London: UCL/SSEES Centre for the Study of Economic and Social Change in Europe, (December 2007), 24p.

Haddadi, Said. *The Western Mediterranean as a Security Complex: A liaison between the European Union and the Middle East?* Catania: University of Catania. JMWP No. 24. (November 1999). [Online]: <http://www.fscpo.unict.it/EuroMed/jmwp24.htm>

Kroutikhin, Mikhail, Robert Legvold & Paul J. Saunders. *Russian Energy Policy and Strategy*. Seattle: National Bureau of Asian Research, Vol 19, no 2, 2008, 40p.

Lo, Bobo. *Ten things everyone should know about the Sino-Russian relationship*. London: Centre for European Reform, (December 2008a), 8p.

_____. *China and Russia: Common interests, contrasting perceptions*. London: CLSA Asian geopolitics special report, (May 2006), 31p

Palonkorpi, Mikko. *Energy Security and the Regional Security Complex Theory*. Helsinki: Aleksanteri Institute / University of Helsinki, 2007, 19p.

Weitz, Richard. *China-Russia security relations: Strategic parallelism without partnership or passion?* Carlisle Barracks, PA: Strategic Studies Institute, U.S. Army War College, August 2008, 175p.

Data

British Petroleum. *Statistical Review of World Energy June 2009*. London: BP, 2009, 48p.

_____. *Statistical Review of World Energy June 2008*. London: BP, 2008, 45p.

Energy Information Administration (EIA), *International Energy Outlook 2009*. Washington D.C.: U.S. Department of Energy, DOE/EIA-0484 (2009a), 284p.

_____. *Russia Energy Data, Statistics and Analysis - Oil, Gas, Electricity, Coal*. Washington D.C.: U.S. Department of Energy, 2008, 21p.

_____. *International Energy Outlook 2007*. Washington D.C.: U.S. Department of Energy, DOE/EIA-0484 (2007), 230p.

IMF. *World Economic Outlook Update: A Policy-Driven, Multispeed Recovery*, Washington, D.C.: International Monetary Fund, Publication Services, January 2010, 6p.

Russian-American Chamber of Commerce, 'Russian government approves energy strategy until 2030', *RACC News*, August 27, 2009. [On line]: <http://www.russianamericanchamber.com/en/news.htm?id=65>

US-China Business Council. 'US-China Trade Statistics and China's World Trade Statistics', In *The US-China Business Council: Recent USCBC Reports, Analysis, and Statistics*, 2009. [On line]: <http://www.uschina.org/statistics/tradetable.html>

News Articles

Anderlini, Jamil & Peter Smith. 'China and Australia sign \$41bn energy deal', *Financial Times*, August 18, 2009. [On line]: <http://www.odac-info.org/node/8433>

Batson, Andrew. 'China's Reserves Expand', *Wall Street Journal*, January 18, 2010. [On line]: http://online.wsj.com/article/SB10001424052748703657604575004501953577566.html?mod=WSJ_latestheadlines

Buckley, Neil & Arkady Ostrovsky. 'Gazprom issues threat to EU gas supply', *Financial Times*, April 19, 2006. [On line]: http://www.ft.com/cms/s/0/ac6fb4ca-cfc7-11da-80fb-0000779e2340.html?nclick_check=1

Reymond, Mathias. 'Europe et Russie : La bataille des gazoducs', *L'Atlas du monde diplomatique* (Hors série), 2009, p. 112-113.

Warde, Ibrahim. 'Quand l'euro disputera sa suprématie au dollar', *L'Atlas du Monde Diplomatique* (Hors-série), 2009, p. 34-35.