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A common vision of energy risk? Energy securitisation and company perceptions of risk in the EU

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Abstract

In the European Union, energy security is provided by EU institutions, member states and commercial energy companies. However, despite the important role companies play in the provision of European energy security, it is not immediately evident to what extent the interests of the internationally operating energy firms are in line with the energy security preferences held by EU institutions. Analysing this relationship from the perspective of perceptions of energy security and energy business risk, this paper examines the extent to which there is a convergence between the energy securitisation of the European Commission and the observation of business risk as perceived by major European and international energy firms. It finds that while there are some significant areas where Commission securitisation contradicts energy company interests (e.g. climate change and energy prices) there is also a high degree of convergence, in particular regarding perceptions of upstream political risk.

Keywords

EU external energy policy; energy companies; energy security; securitisation; energy risk; political risk

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INTRODUCTION: THE PUBLIC/PRIVATE PROVISION OF ENERGY SECURITY IN EUROPE

Energy is a largely distinctive area of the European security agenda. Unlike most traditional aspects of security such as military defence or intelligence, energy security (in terms of adequate supply at a reasonable cost)[1] is provided by a complex nexus of commercial companies and public actors. While supplies of oil, gas or electricity are divisible, tradable commodities and private goods, the security of their supply is essentially a public good for which member states and the EU institutions are ultimately responsible.[2] In the EU context, internationally-operating energy companies are responsible for the private provision of energy to and within the EU market and EU institutions and member states are responsible for creating and maintaining the conditions that allow them to carry out their market-based business functions, including security of energy supply (see Article 194 of the Treaty on the Functioning of the European Union).

This article examines a key relationship in the broader complex association between energy companies and the EU. While the interaction between public and private actors lies at the heart of European energy security, with the exception of a small number of analyses (such as Youngs 2007, 2009) little is known about the multifarious contours of these relationships. This article seeks partially to address this inattention by investigating the degree of convergence between European Commission energy securitisation and energy company perceptions of energy risk.[3]

This specific attention to the European Commission's securitisation discourse (2002 - 2011) reflects the Commission's role as the key agenda-setting actor within the institutional make-up of the EU. While it is true that the European Union offers an "unusually large number of access points for agenda-setters" (Daviter 2007: 655), its institutional role as policy initiator gives the Commission a particularly important position as a securitising actor in the EU. In addition, however, whilst not a Commission official,

this article also considers the securitisation discourse of the former High Representative for Common Foreign and Security Policy, Javier Solana, given his particularly important high-profile role as a supranational agenda-setter in foreign policy during the time frame analysed. In investigating these securitisation-risk perceptions, this article sheds light on the under-researched relationship between private and public actors in European energy policy.

Hypotheses

This article investigates the extent to which European Commission energy securitisation converges with the risk perception of energy companies. As will be demonstrated below, analysis of this convergence and divergence reveals a mixed picture. In a number of areas, EU actors and energy companies exhibit perceptions of insecurity that are unrelated to one another. In other cases, Commission securitisation runs directly counter to energy company risk. Nevertheless on other issues, specifically those concerning political risk in upstream producer countries, the European Commission and energy companies demonstrate a high degree of overlap in their identification of energy insecurities.

In terms of hypotheses, this article argues that the high level of convergence on external political risk identified occurs for two interlocking reasons. Firstly, this policy dimension sees the greatest mutual interdependence between the Commission and energy companies and therefore risks to companies in this area also present themselves as risks to the EU. Secondly, and in a more political sense, this article argues that the Commission's securitisation discourse in this area also represents an attempt to reflect the core-interests, and thus garner the support, of energy companies, and by extension member states, actors central to the development of a Europeanized energy policy. Without a strong focus on the risks faced by these actors, it is unlikely that Commission securitisation would have much impact on veto-player officials in energy companies or member states' capitals.

However, Commission discourses represent something of a paradox here. Despite the securitisation of the risks that energy companies face, the companies themselves are rarely securitised in Commission texts. Whilst needing to reflect company interests, this seeming contradiction is most likely explained by Commission desires not to be seen as too close to the energy sector, particularly in light of the broader debates surrounding the supposed "normativity-outcomes gap" in EU external relations (Bailey & Bossuyt 2011).

The first section below outlines the analytical framework based on the Copenhagen School conception of securitisation (Buzan, Wæver & de Wilde 1998). It justifies the utilisation of this framework and demonstrates how it can also be used to analyse the risk identification of commercial actors. The second section analyses a number of European Commission (and Solana) texts and high-level speeches on energy noting the security threats identified and the referent objects of securitisation. The third section analyses energy company risks identified by a number of international energy companies in company reports and submissions to public consultations.[4] The final section explains the convergence seen between the EU and energy companies on issues of political risk,

drawing attention to the discursive energy security framing of the Commission and the interdependence between the EU and commercial actors in external energy policy.

RESEARCH FRAMEWORK: IDENTIFICATION OF RISKS AND THREATS

This article is interested in the threats and referent objects of security identified in European Commission energy securitisation and, while not strictly securitisation in the International Relations sense of the word, the similar subjective identification of business risk by a number of major-globally operating energy companies. This article does not engage in the objective evaluation of risks to these actors, but rather utilises the methodology of securitisation to demonstrate the subjective interpretation of insecurities of both sets of actors and how these interpretations overlap in the areas related to political risk in upstream producer countries. As such, this section sets out the theoretical basis for this article in securitisation theory (Buzan, Wæver & de Wilde 1998). In doing so, it covers the methodological approach of securitisation that is employed in the analysis of the EU's energy securitisation and, in a looser form, energy companies' business risk identification.

Energy security or energy securitisation?

In the 1980s, both deepening globalisation and the ending of bi-polar Cold War competition sparked a fierce debate in the field of Security Studies relating to the scope of the subject. Up until that point, what is now often referred to as Traditional Security Studies (TSS) had been the dominant approach to the study of security, viewing security essentially as concerning military threats to states (Walt 1991). Much like the (neo-)realist paradigm the core assumptions of which traditionalists broadly mirrored, TSS was avowedly objectivist and rationalist, identifying and analysing threats that were considered to be "out there" (Smith, 1999: 79). However, the changing geo-political landscape of the 1980s and 1990s brought with it several new strands of security thinking that challenged TSS through the advancement of a so-called widening agenda (Walt 1991: 213; Buzan, Wæver & de Wilde 1998: 2-4; Smith 1999; Ullman 1983; Buzan 1983).

Whilst the perspectives of those inclined towards a wider interpretation of security did not constitute a cohesive school of thought, they were united in their call for a broader recognition of both what should be the referent object of security and an extended understanding of security threats (Ullman 1983: 129; Smith, 1999: 83-96). These 'wideners' argued that both the state and other referent objects, most notably individuals and societies, were threatened in several quarters by non-military threats, in addition to the persisting military ones. Consequently, it was deemed that academic and policy recognition both of what constituted a threat to security and who faced these threats had to change (Buzan, Wæver & de Wilde 1998: 2-3).[5]

One of the most influential post-widening areas of security scholarship derives from the refocusing of security onto securitisation, commonly associated with the Copenhagen School (Smith 1999: 85; Buzan, Wæver & de Wilde 1998). Securitisation theory sees security as a discursive act, in the sense that "labelling an issue as a security threat imbues it with a certain sense of urgency and legitimises the use of special measures

outside the usual political process to deal with it" (Smith 1999: 85). Securitisation theory thus argues that any public issue, including the supply of energy resources, can be placed on a spectrum ranging from non-politicised, through to politicised, denoting that something should be the object of public policy, to securitised where it is argued that an issue warrants being placed 'above politics' or being subject to a 'special kind of politics' (Buzan, Wæver & de Wilde 1998: 23). 'Securitisation' theory holds that this process requires both a securitising move, that is, the presentation of an argument that represents a particular issue as a security threat, and the acceptance of that argument by a relevant audience (Buzan, Wæver & de Wilde 1998: 25). Correspondingly, the identification of energy security risks highlighted in this paper is in essence the analysis of securitising moves - at least in the case of the EU actors analysed.

Similarly, Wolfers (1967: 147) identified that the security analysis has both objective-rationalist and subjective-interpretivist dimensions depending on whether one is trying to study 'objective really-existing' threats or actors' subjective interpretations of them. In this sense, the objective study of security was about "measuring the absence of threats to acquired values", whereas the subjective was about "the absence of fear that such values will be attacked" (Wolfers 1962: 151). Securitisation, as per the Copenhagen School, entails a similar ontological distinction from both traditional and other widening schools of thought that focus on measuring the absence (or presence) of threats or risks, however widely defined. The Copenhagen School moves the debate on to the analysis of deliberate, subjective constructions of security through a process of securitisation (1998: 24). The securitisation of an issue therefore, does not imply that an issue objectively is a security threat (and that is not the purpose of this article) but rather suggests that it is subjectively perceived to be such a threat.

By making security dependent on a traceable process of threat identification, and acceptance, rather than an objective assessment of threat, securitisation theory allows for both the widening of the referent objects of security and an appreciation of a broader number of security threats (Buzan, Wæver & de Wilde 1998: 5). As mentioned above, the analysis that follows in this article tries neither to measure "the absence of threats" in an objective sense nor to assess the success of Commission securitisation (for an example see Natorski & Herranz Surrallés 2008). Instead, what follows is an analysis of Commission attempts to securitise both a wide number of risks related to energy and a number of different referent objects, and a comparison of these securitising moves with the risk identification of companies.

The energy risk categories developed in this article are derived from a discourse analysis of the texts in question and relate to those risks that both occur most frequently in Commission discourse and those that are most heavily stressed. The risks of increasing dependence and global demand are given particular focus as they represent broader overarching risks in which the other more specific risks are often framed. It should be noted that the focus on securitisation employed in this paper means that a number of energy security risks, including those potentially created by the Commission or energy companies, are excluded from the analysis as they are very unlikely to be raised by these actors. Given the focus of this paper is on the convergence (or otherwise) of discourses this analysis falls out of the scope of this paper.

Energy company risk identification

Assessing perceptions of energy business risk is simpler than analysing Commission securitising moves. While the EU represents an overlapping lattice of different actors, all of whom can be securitised against various different threats and risks, companies are both the securitising actors and (self-)referent(ial) objects of the risks they identify. The presentation of these risks in the company reports examined is also not strictly a case of securitisation as companies are not trying specifically to instigate a policy response in these instances. Indeed, they are compelled to attempt to give an accurate reflection of their business risk - mostly for the benefit of investors.[6] Conversely, however, their responses to European Commission public consultations do fit the model of securitisation more closely.

Nevertheless, in both cases the subjective identification of business risks by international oil companies provides a suitable basis for comparison with the subjective securitisation of the Commission. Indeed, the companies themselves refer to the bounded subjectivity of their statements when they note that expressions of risk are 'forward looking statements' that are subject to unpredictable change (Eni 2009: ii; Royal Dutch Shell 2009: 3).

However, it should be noted as an important methodological point, that while companies and the Commission perform securitising speech acts in the same problem areas (climate change, competition etc.) the two are not always securitising the same specific problem-issues or framing these problems in the same way. As will be discussed further below, it is sometimes the various EU responses to major energy-related problems, rather than the problem itself, that is securitised by companies. As such, the analysis that follows should not be seen as a direct comparison between identification of the same specific problems by the Commission and the companies, but rather an investigation into the similarities and differences between sometimes convergent and often competing securitisations in the same overall problem areas.

The classification of company risk used in this article is a modified version of the risk framework utilised by Eni in their annual reports. Eni's typology breaks down company risks into a number of overarching and distinct risk-areas, facilitating the systematic analysis of specific instances of that risk-area within each of the broader categories. To facilitate the analysis undertaken in this article, the section on company risk below modifies this approach and further divides these risks into: those that conflict with Commission perceptions; those that show no obvious tension with Commission security threats; and those where the risks identified by the two sets of actors overlap.

Instrumental intent? The political framing of securitisation discourses

Finally, it should also be noted that both Commission securitisation and company risk-identification represent a series of deliberate political acts. The Commission is not compelled to securitise a given issue as securitisation represents just one, albeit particularly potent, option amongst the many ways of framing a particular issue. It is therefore prudent to consider the instrumentality in Commission discourses, particularly in the areas where Commission and company discourses overlap. Here the concept of policy framing is useful (Daviter 2007: 2011). This draws attention to the fact that policy issues are not "out there" but rather that actors, when engaged in the framing of a

policy issue, undergo a process of "selecting, emphasizing and organizing aspects of complex issues according to an overriding evaluative or analytical criterion" (Daviter 2007: 654). A key evaluative criterion applied in the case of European Commission public discourses is likely to be whether and how political statements further Commission objectives, most notably in terms of the pursuit of Europeanized (in the sense of EU-ised) solutions to energy policy and the acquisition of greater Commission competences. Likewise, it should be noted that companies also engage in a form of framing, most notably in their response to public consultations. Certain issues are stressed and others given less attention. They too have certain evaluative criteria in their public pronouncements, including whether communications are likely to further their business interests and market position. As discussed below, it is important that these factors are considered, particularly in areas of convergence between the Commission and companies.

EUROPEAN COMMISSION ENERGY SECURITISATION

There is a wide range of energy insecurities highlighted in Commission public documents.[7] Certain risks feature more prominently than others, however, and most are framed through two over-arching risks: increasing dependency and increased global demand. This section initially addresses these two risks as they are the major concerns that most other threats are framed within. Subsequently, this section then focuses on climate change, geopolitical risks and upstream political risks such as producer stability and investment risk that constitute the other major challenges highlighted.

Over-arching risks: increasing dependency and rising global demand / prices

In its securitisation discourse, the Commission stresses the increasing dependency of the EU on foreign sources of energy. Commissioner Oettinger notes, for example, that "our [European] imports are rising while our oil and gas production is declining" (2010b: 2) and that this situation is likely to increase significantly over the next decade (2010d: 2). Javier Solana highlighted in 2008 that Europe is "increasingly dependent on energy imports" (2008: 1). Much of this analysis is rhetorically supported by the results of forecasts, with former External Relations Commissioner, Benita Ferrero-Waldner (2008), claiming that Europe will be dependent on imports for 64 per cent of its energy by 2030 and Commissioner Piebalgs (2006: 2)putting the number at 70 per cent. The Commission argues that the EU will be 65 per cent dependent on external sources of energy by 2030, with gas dependence rising from 57 per cent today to 84 per cent and oil dependence rising from 82 per cent to 93 per cent (EC, 2007: 3).

However, the Commission documents paint at first glance a somewhat paradoxical picture regarding the distinction between 'dependence on' and 'interdependence with' energy suppliers. On the one hand, dependence as described above is securitised in European Commission and Council discourses. The title of the publication Let us Overcome our Dependence (EC, 2002) clearly demonstrates, for example, how the Commission often securitises this dependence on external supplies. At the same time, the Commission frequently refers to the fact that relationships with producer states are characterised by interdependence (EC 2008a: 7; EC 2006: 15; Ferrero-Waldner 2008; Piebalgs 2008: 4). This interdependence, the Commission asserts, is born out of the

mutual relationship between Europe's need for security of supply and the producer's need for security of demand (EC 2008a: 7). Ferrero Waldner (2008) argues specifically that Russia is a 'significant' EU partner that 'needs' the European Union. She asserts that: "Our markets take around two thirds of Russian gas exports, and the revenues from our custom are vital to Russia's economic growth. Managing this interdependence will be an important challenge" (Ferrero-Waldner, 2008).

Despite these claims of interdependence, several of the EU documents somewhat inconsistently also talk of the need to establish relationships with energy producers based on "interdependence and mutual self-interest", suggesting that some relations at present are not based on these foundations (Piebalgs 2008: 4). The 2011 communication on external energy policy notes that relationships with suppliers "should be mutually beneficial, reflecting interdependence" [emphasis added] (EC 2011a: 9).

The seeming contradiction between Commission claims of being dependent whilst also being interdependent, whilst at the same time desiring interdependence is somewhat alleviated by thinking of interdependence in asymmetrical terms (Nye 2007). The Commission is correct to assert that the EU is dependent on foreign suppliers, particularly in the short term, just as it is right to characterise the relationship broadly as one of interdependence. However, the EU's energy relationship with its suppliers is perhaps best characterised as being one of asymmetrical interdependence. This is especially true in the EU's relationship with Russia. The EU relies on Russian gas just as Russia relies on revenues from the EU. However, the EU faces a greater immediate short term risk (and impact) in terms of disruptions in Russian supplies to the EU, whereas Russia faces a mid to long-term risk in terms of reductions in revenues from the EU.

The Commission documents suggest that Europe actively desires interdependence to alleviate this vulnerability, but an interdependence that is nonetheless less asymmetrical than at present. Furthermore, it is the potential political opportunities that this asymmetry presents that unsettles the Commission and leads to (inter)dependence being securitised. As Ferrero Waldner notes "there is nothing wrong with importing energy per se, provided that we are talking about open, transparent and competitive global markets. However, in today's world we are often not" (2008).

The second 'over-arching risk' mentioned extensively throughout the Commission documents is increasing global demand for energy. Piebalgs (2008: 2) notes that rising energy demand is one of the most serious challenges undermining stability in energy markets. He asserts that global demand is increasing by 1.9 per cent year on year and that at current rates an extra thirty-three million barrels of oil may be needed every day relative to current levels (Piebalgs 2008: 2). According to Piebalgs, gas demand faces an even more worrying picture with an annual usage rise of 3 per cent (Piebalgs 2008: 3). Ferrero-Waldner echoed these statements in 2008 when she noted that if China and India consumed the way Europeans do, adjusting for population, "we would need two planet earths to cope" (2008). More recently, Commissioner Oettinger has argued that "rising demand in developing countries is diverting supplies away from Europe" and that even if the worst effects of this shift are managed the EU "will face sharp price increases" (Oettinger 2011: 3).

The Second Strategic Energy Review mentions that a combination of energy resource depletion and increasing demand could lead to a situation where the "demand-supply balance will become increasingly tight, possibly critically so" (EC 2008a: 15). The 2011

Communication on External Energy Policy mentions several times the threat of heightened global demand, rising prices and increased volatility driven by rising populations and improving living standards in developing countries (EC 2011a: 2: 14). In this vein, rising demand in both producing states such the countries of North Africa and major consuming countries such as China and India is often mentioned (EC 2011a: 7, 11). The Commission notes that "the balance in energy markets is changing fast" and that a strong response is needed from the EU "to tackle the challenges it creates" (2011a: 11).

The threat of climate change is also highlighted extensively throughout the EU documents reviewed. The 2006 Green Paper notes that the Earth is getting warmer and all regions of the world including the EU will "face serious consequences for their economies and eco-systems" (2006: 3). Highlighting the risks to infrastructure posed by climate change, the Commission notes that all new infrastructure needs to be 'climate-proof' and take into account the impacts of changing climatic conditions (EC 2008a: 6).

Taking a more political tone, Ferrero-Waldner (2008) and Solana (2008: 3) both argue that climate change exacerbates risks as a 'threat multiplier'. Solana remarks that climate change opens up possible territorial disputes, particularly in the Arctic (2008: 3). He adds that climate change directly affects European interests by worsening existing tensions in countries and regions which are already fragile and conflict prone (2008: 3). Ferrero-Waldner asserts that climate change, by producing increased annual temperature fluctuations, aggravates other energy risks such as increasing global demand as consumers use more energy to stay cool in hotter summers and warm in colder winters (2008).

Political risks: geopolitics

In emphasising the risk that energy policy is frequently subject to and negatively affected by geo-political decisions and tensions, attention is often drawn to the geo-political dependence on a small number of external suppliers. The Second Strategic Energy Review (2008a: 3-4) notes on several occasions that a number of member states are overwhelmingly dependent on a single supplier (Russia) for energy. In An Energy Policy for Europe (2007: 4) the Commission talks of price rises and volatility being the consequences of "progressive concentration of hydrocarbon reserves in a few hands". Hinting at the political risks associated with this dependency on a few external suppliers, former Energy Commissioner Piebalgs notes that "80% of the world's oil reserves and a similar proportion for gas are in the hands of state-controlled companies" (2008: 2). In cases where the dependence on a small number of supplier states is not mentioned explicitly, the need to diversify sources of supply - which is a policy corollary - is often highlighted (Ferrero-Waldner 2008).

A further aspect of this geopolitical dependence also concerns the shipment of (gas) supplies, most notably in transit routes that traverse the Ukraine (EC 2009: 2). The Commission Staff Working Document on the January 2009 gas crisis between Russia and the Ukraine is very explicit in presenting the EU's dependence on Ukrainian transit, highlighting that the EU depends on the Ukraine for the transit of 80 per cent of Russian gas supplies to the EU - roughly a fifth of total EU gas supplies (EC 2009: 2). It is clear that the risks of this dependence are not spread uniformly throughout the EU however.

While the Commission argues that in the 2009 supply disruption "a majority of member states were affected, directly or indirectly" it also highlights that a number of countries "notably Poland, Slovakia, Hungary, and above all Bulgaria and Romania" were most severely hit (EC 2009: 4). In the same document, the Commission notes ominously that "a repeat of the January 2009 gas supply crisis, from a similar or different cause, cannot be ruled out" (EC 2009: 16). In response to these risks, the 2010 communication on infrastructure priorities argues that diversification of supply routes leads to greater competition and security of supply, but also asserts that "the defensive attitude of gas producers and incumbent players in monopolistic markets hampers diversification" (EC 2010:32-33). Likewise, it also mentions that supplying gas and oil directly to the EU might entail new suppliers (such as Turkmenistan and Azerbaijan) "accepting high political risk linked to their geo-political situation" (EC 2010: 34). While this "geopolitical situation" is predominantly a euphemism for Russia, the country is not mentioned directly. A number of these EU diversification efforts, including the Southern Corridor, are said to be aimed at creating a more stable regional gas market in Central and Eastern Europe so that the CEE region becomes "less vulnerable to a supply cut through the Russia/Ukraine/Belarus route" (EC 2010:34).

Those individuals tasked with managing the EU's external political affairs, such as former Commissioner Ferrero Waldner, put more stress on the geopolitical aspects of dependence on transit routes and geopolitically-minded suppliers than those representing DG Energy (Piebalgs and Oettinger). This is perhaps to be expected given the more overtly political nature of their appointments. Ferrero Waldner linked the 'events in the Caucasus' (the Russo-Georgian War) of 2008 to European energy security concerns on two separate occasions during her 2008 speech to the UN on external energy policy (2008). She noted in 2009 that the risk of pipeline disruptions is likely to increase and that energy security has many facets including an 'increasingly political' element making it a 'foreign policy issue' (2009: 2).

However, the most strident exposition of the geo-political risks of dependence in the sample of speeches reviewed comes from Javier Solana (2008). He notes how the expectation of tightened energy demand is already triggering "all sorts of behaviour" and a "dash for gas" (2008: 1). He adds that "by 2020, world energy markets will be tighter, leading to more political tensions. In all scenarios the power of resource-holders is set to increase" (2008: 1). Solana also highlights the threat posed by other consumers, something rarely mentioned by Commissioners Oettinger and Piebalgs. He asserts that "big deals are being done every day" and that "future [European] options seem to be narrowing while others move in a determined manner" to secure "decisions on pipelines to exploration deals to strategic partnerships" (2008: 1). He also raises the nature of the relationship between Europe and its suppliers noting that "both markets and international politics depend on trust and in energy issues there is an obvious trust deficit" (Solana 2008: 3).

Solana saves his strongest rhetoric for discussions of the relationship with Russia whose energy policy[8] he argues "follows a tight script" with a sense of "strategic purpose" (2008: 2). He asserts that the "Russians see their strategy as a rational way to maximise rents" and that "there is justified concern across Europe about Russia seeming more interested in investing in future leverage than future production. Contrast Gazprom's strategic spending spree abroad with the lack of investment and waste at home" (Solana 2008: 2). This kind of language and direct reference to Russia is unusual

amongst the speeches and documents analysed as in most of the references to the political aspects of dependence on suppliers, the suppliers deemed to be a threat or to pose a risk are not mentioned directly.

Political risks: producer state stability

Solana (2008) also talks of the political risks inherent in being dependent on domestically unstable energy suppliers. Inherent to this discussion is the risk of both assertive producer state behaviour, such as enforced contract decisions or renegotiations, and risks that derive, not so much from the deliberate actions of suppliers, but rather from consequences of the nature of their regimes. Linking European energy security directly to the domestic situation in producer states, Solana (2008: 2) argues that the rent seeking and high levels of corruption seen in many energy producing states mean that they are "nine times more likely to suffer from violent conflicts than those that are non-resource rich" and that "nearly all experience political instability, poor governance and human rights abuses"– factors that have contributed to recent instability in the Middle East and North Africa. Solana points out that the rents derived from oil and gas revenues shield producer regimes from external pressure to improve good governance, including from the EU (2008: 2). Ferrero Waldner highlights that there is "growing resource nationalism and interference by the state in producer countries" and that Europe needs to integrate its energy markets to achieve the "bargaining power we need" (2008). The other commissioners and the documents reviewed touch on these issues of domestic instability but tend to do so more from the perspective of investment and legal stability rather than the political standpoint taken by Solana.[9]

Political risks: investment risk

Issues surrounding potential lack of investment are some of the key risks highlighted throughout European texts. Principally these investment issues highlight the sheer number and cost of investments needed to meet future energy demand in Europe and the investment openness and stability needed in partner states both to encourage investments and to ensure investment security.[10] Emphasising these factors, the Commission, quoting the International Energy Agency (IEA), notes that "the ability and willingness of major oil and gas producers to step up investment in order to meet rising global demand are particularly uncertain" [emphasis added] (EC 2007: 4).

The problem of investment confidence and stability is afforded significant focus in Commission public documents. This is hardly surprising given that most of the above investment will come from the private sector and, as such, investment security is of crucial importance. Upstream investment security is inextricably linked to regime type and domestic business practices as described by Solana above and the Commission affords significant tract to highlighting necessary developments in investment climate and stability (EC 2006:15-18; EC 2007: 4 & 24-25; EC 2008a: 7-8). While, when talking about investment stability and legal business security, the Commission does not often directly mention the instability present in producer countries and concentrates rather on provisions needed to address it, one can deduce both from Commission discourse and

the space allotted to these investment provisions, the importance placed on this area of energy risk.

The 2006 Green Paper talks of the need to use 'trade policy tools' to develop a more secure investment climate and the need to "improve the conditions for European companies seeking access to global resources" (EC 2006: 17-18). According to the Commission, provisions "based on the Energy Acquis and where appropriate the Energy Charter Treaty", need to ensure a balance between security of demand and security of supply and in doing so provide clear conditions for access to markets, dialogue on policy and market developments, dispute settlement and transit arrangements to ensure normal flows of energy "even in periods of political tension" (EC 2008a: 8). The need for legally binding mechanisms is highlighted in the 2006 Green Paper, both the first (2007) and second (2008a) Strategic Energy Reviews and the Communication on External Energy Policy (2011), reflecting contemporary investment stability concerns such as those evidenced by alleged recent assertive state behaviour in Russia and Kazakhstan (see for example, Domjan & Stone 2010).

REFERENT OBJECTS OF COMMISSION SECURITISATION

The Commission securitises a number of different referent objects in its energy security discourse. Europe and the EU are unsurprisingly commonly formulated (and conflated) referent objects. "An Energy Policy for Europe" notes that "energy is essential for Europe to function" and that "Europe is becoming increasingly dependent on imported hydrocarbons" [emphasis added] (EC 2007: 3). The documents refer also to the 'EU' as a referent object of security, but this formulation is marginally less common.

Echoing the trend towards a broader number of referent objects of security discussed above, these designations of 'Europe' and the 'EU' are frequently broken down into several sub-formulations. Firstly for example, Commission documents and speeches refer at times to the energy risk to European citizens. The 2006 Green Paper notes that the effects of the new energy landscape of the 21st century "directly affect everyone" and that "our [EU] citizens are affected by higher prices, threats to the security of energy supply and changes to Europe's climate" (EC 2006: 4). An Energy Policy for Europe (2007: 4) notes how energy is essential for every European and that projected rises in oil prices by 2030 could equate to an increase of EUR350 per annum in costs for every EU citizen above prices today.

Secondly, competitiveness, jobs and growth in the European economy are often mentioned to be at risk. The 2006 Green Paper notes that "secure availability of energy at affordable prices is crucial" for the promotion of EU industry and subsequently contributes to securing jobs and growth (EC 2006: 7). Likewise, An Energy Policy for Europe (2007) highlights that without action on the part of the EU in the face of a changing energy landscape the Lisbon Strategy for growth and jobs "will be more difficult to achieve" (EC 2007: 3). Current Energy Commissioner Oettinger (2010a: 2) notes that one third of Europe's economic activity and almost the whole European transport sector depends on oil.

Commission documents place great stress on the inadequacies of current energy markets and the need for future market development. Almost all documents identify risks to the sound running of energy markets and propose fully functioning markets

(especially the EU market) as one of the solutions to the European Union's energy dilemmas. It is often argued that the EU is affected through the sub-optimal operation of energy markets both at the European and international levels (EC 2011a: 2 & 4). The 2006 Green Paper asserts that only when fully competitive internal energy markets exist "will EU citizens and businesses enjoy all the benefits of security of supply and lower prices" (EC 2006: 3); the implication being that markets are both a referent object themselves (in their idealised sense) in that they are affected by externalities that cause a lack of investment and supply disruptions, and that they also (in their current 'underdeveloped' state) pose a risk to some of the other 'referents', namely European individuals and business consumers because of their poor functioning.

Thirdly, member states are also identified as being at risk. The dependency of several states on 'a single gas supplier' (Russia) is often stated in EU documents, as is the assertion that national level responses are unlikely to be able to ensure energy security (Oettinger 2010a: 2). Energy Commissioner Oettinger notes that the "challenges facing us are too overwhelming to be resolved by one member state" (2010a: 2). Likewise, the memo to the Second Strategic Energy Review argues that "specific national solutions are often insufficient" (EC 2008b: 2). Of course, member states exhibit substantial differences in their levels of energy dependence, relations with producers and the risks they face in energy policy. The EU at times draws attention to the greater precariousness of some member states over others (e.g. Bulgaria, Poland and Slovakia), particularly in terms of dependence on Russia (EC 2010: 4). However, overly stressing the diversity of risks facing member states does not necessarily serve the Commission's interest in fostering both solidarity and a common approach to European energy policy. Rather, in much of its discussion on the risks to member states, the EU frames energy security risks as being only resolvable through a common, Europeanized approach between EU member states. Of course, this promotion of a common EU approach also reflects the Commission's preference for greater levels of community competence.

However, despite being the immediate beneficiaries of a number of EU policies and notwithstanding the stress on increasing dependence on imports (towards which companies contribute in both production and delivery),[11] energy companies are rarely mentioned in official EU documents, and when discussed, they are generally not securitised specifically. Indeed, they are sometimes presented as a bulwark against the Europeanization of energy (for example, see EC 2006: 5 & 7). The 2011 Communication on External Energy Policy (EC 2011a), for example, only refers to companies a couple of times and never directly securitises them, despite the fact that a large number of the measures it proposes directly relate to issues, such as the investment climate, that affect energy companies. Virtually all of the documents and some of the speeches refer to political risks in upstream countries, but very few refer to the upstream operating energy industry to which these risks predominantly apply.

ENERGY COMPANY PERSPECTIVES OF BUSINESS RISK

Companies perform a key role in ensuring energy security as the actors that actually carry out the exploration, investment, extraction, delivery, refining and in some cases, strategic stockpiling of oil and gas products. As such, some of the risks to their business operations also pose challenges for those tasked with mitigating risks and threats to energy security.

Examination of company documents shows a considerable commonality of risks facing energy businesses.[12] This is not necessarily surprising to note, given that all of these companies are involved in the same industry and form part of the same market. This section will outline some of the main areas of risk facing energy companies in the conduct of their business (competition, credit risks, liquidity risks, political and stability risks emanating from countries where they operate, as well as operational and climate change risks). Given the very different nature of companies and the Commission there are considerable differences in the risks that both identify.

As mentioned above, it should be noted that while the Commission and companies commonly securitise issues within same overall policy area (i.e. climate change), the actual specific issues they raise as threats are frequently divergent. Indeed, broader issue areas (such as climate change) often represent different threats to companies and the Commission respectively. Consequently, attention is initially drawn below to areas where companies and the Commission identify conflicting specific risks within the same broader issue areas. Secondly, areas that present no obvious tension or particular convergence are briefly mentioned. Finally, instances of convergence, where specific company perceptions of risk match closely with those of the EU, are discussed.

Areas of divergence: competition, demand, prices and climate change

Like the Commission, most of the companies note changes in global oil/gas supply and demand as a factor of risk. However, rather than focus on the political or social consequences of changes, energy companies tend to concentrate on the consequences in terms of increased competition, oil prices and precipitant profits.

Due to decreasing availability of supply, competition between companies in acquiring new resources to exploit is particularly fierce. Many companies note that not replacing current reserves as they are depleted poses a significant risk to their businesses. In this regard, increased competition as a result of EU legislation in Europe that may challenge their market position(s) is also considered a risk by several companies (Eni 2010: 38; Statoil 2010: 153).

Energy companies are deeply sensitive to the prices of oil and gas. All note that as commodity businesses, changes in energy prices significantly alter their business prospects. Low prices are inimical to company interests as they decrease profits and liquidity, impair the ability to attract finance for investment in future projects and risk reducing booked reserves as some may become uneconomical in a lower price environment. Conversely, higher prices are broadly positive for companies reversing the risks mentioned above and ultimately increasing profits. However, while higher prices are generally positive for oil companies, substantial increases in prices carry a number of drawbacks and risks. BP for example notes that higher prices can encourage ‘fiscal take’ from governments and more “onerous terms for access to resources” (2009: 14). Indeed as Friedman (2006) and Wilson (1987) note, higher energy price environments increase the prospects of assertive producer state behaviour and resource nationalism. However, perhaps the biggest risk from high prices concerns long-term moves away from hydrocarbon use, rising efficiency and the decoupling of economic growth and energy demand. All of these represent serious long-term risks for companies that sell hydrocarbons, and are in a sense risks for energy companies created, or at least

exacerbated, by the actions of member states and the EU institutions. Exxon Mobil (2011: 1) for example argues that an "effective EU energy strategy should provide clear and positive demand signals" and that such signals will "encourage investment in the EU but also help ensure long term investments from outside the EU". Price volatility represents another price related risk for companies. Large variations in energy prices create uncertainty that increases the risks of investment for companies, hampers companies' mid to long-term planning, and threatens to reduce (or even eliminate) the profits from certain projects.

In both these areas we see partially conflicting agendas between company and Commission perceptions. Highlighted specifically as risks by Eni (2010: 38) and Statoil (2010: 153), the EU's attempts to increase competition in the internal gas market sit uncomfortably with energy company fears over greater competition in their previously-protected home markets. In their 2009 annual report, Eni discusses the implications of increased competition deriving from the implementation of Italian legislative decree 164/2000, itself implementing EU directive 98/30/CE that required member states to restrict national companies to a certain percentage of input into national gas transport networks and volumes of gas sold to national companies. This allows new competitors to enter the market and reduces selling margins on gas (Eni 2010: 38). Likewise companies' general inclination towards higher prices (despite the challenges posed by this eventuality) does not fit easily with the risks to the European economy and citizens from high prices highlighted by the Commission above.

Climate change policies and the low carbon agenda are mentioned by most of the companies addressed here as risks. Some such as BP, ExxonMobil and Statoil note that a combination of increases in general public awareness of climate change and international climate change regulation are likely to reduce demand for the kind of products that oil and gas companies produce and impose tougher emissions controls on them directly as businesses. Exxon Mobil (2011: 1-2) notes that the EU needs to provide "clear demand signals that Europe is a long term market" but notes that "the 20:20:20 Climate and Energy Package provides no long term signal that investments in projects with long payback times will still be needed". BP notes climate change legislation can result in capital expenditure to meet compliance requirements, increased taxes, higher operating costs and reduced revenues (2009: 15).

Total and Statoil point out the risks posed by EU climate legislation to their businesses. Statoil notes that the EU's Environmental Package[13] implemented in 2008 will have "positive and negative impacts on the competitive position of natural gas as a fuel" (Statoil 2010: 154). Total (2009) notes that "growing concerns in the EU and globally that rising greenhouse gas emissions and climate change may significantly affect the environment and society could adversely affect our businesses, including by the addition of stricter regulations that increase our operating costs, affect product sales and reduce profitability" (p.6). It should be noted however that some companies do not see aspects of the EU decarbonisation agenda as threatening. For example, concerning carbon capture storage (CCS), Shell highlights that "the technology required for geological sequestration is proven and in common use in the oil and gas industry for enhanced oil recovery". They add "this fits with our business and builds on our strength in understanding subsurface structures and processes" (Shell 2006: 7).

Areas of no apparent tension or convergence: credit and liquidity risks

Another theme common to all of the companies examined is a concern with the risk from exposure to counterparties (such as banks) unable to pay amounts due. The risk from these counterparties is distinguished from the other forms of credit risk such as those emanating from retail customers. This risk is very similar to that facing most commercial operations and is not specific to the energy companies, although the size of the industry does make the sums notable.

Another risk cited by energy companies with energy security repercussions is that of maintaining liquidity. Liquidity risk refers to the ability of oil and gas companies to maintain access to finance to be able to fund future projects and debt obligations. This is of course a direct concern to energy companies as it would be to any company, but it has a broader significance for energy security in terms of the ability of energy companies to maintain both the investment in infrastructure and exploration needed to meet projected demand.

The prevailing economic climate provides an important context here as periods of recession make it more difficult for energy businesses to raise finances through commercial loans from banks and through financial instruments such as issuing bonds and commercial paper. BP also notes the impact of the commodity prices on investment programmes, highlighting the damaging effect of prolonged low prices (BP 2009: 14).

It should be noted, however, that while there is little evident co-identification of this form of risk between companies and Commission securitisation, the actions of political actors (at the member state and the EU level) can have a negative effect on company prospects and credit ratings and, as a result, their relations with financial institutions. Given the large sums of investment needed to ensure future European energy supplies (predominantly carried out by companies), this is a potentially important form of risk.[14]

In terms of liquidity, Shell highlights the risk deriving from partner organisations in joint ventures (Royal Dutch Shell 2009: 14). Eni also notes the liquidity challenges posed by ‘take or pay’ and ‘ship or pay’ clauses whereby a company is obligated to buy a certain amount of gas (take or pay) or transport capacity (ship or pay) from their supplier and transit partners regardless of demand (2010: 93). Such contracts pose a risk to gas companies as they are usually non-cancellable and long term obligations. Here there is some potential convergence with EU efforts to take actions in this area.

Areas of convergence: operational-environmental risks, political and legal upstream risk

Energy companies face a number of operational-environmental risks in the conduct of their business that are broadly in line with Commission objectives. Primarily these refer to the risk of industrial disasters to people and the environment. The main ramifications associated with these risks refer to litigation and reputational damage. Most of the documents analysed here note that environmental damage caused through oil spills, pipeline ruptures or refinery explosions, for example, carry significant risks to company reputations (the Gulf of Mexico Deep Water Horizon oil spill is a case in point here) and expose company employees and the company more broadly to the risk of legal action.

However, the clearest area of commonality in the risks identified by both energy companies and the EU relates to the levels of political and legal security in producer states. Eni goes as far as to say (2011: 3) that "the primary aim of the EU external energy action should be that of applying all political tools to guarantee investment protection at an international level". The energy company focus on these issues closely echoes the Commission's attention to producer domestic stability and the investment environment and it is clear that for energy companies, stability and investment climate are both inextricably linked and central to the risks associated with the oil and gas business. Exxon Mobil (2006: 9) states that the "EU should keep promoting with its energy partners political and legal stability, reliable institutions and respect towards contractual agreements (particularly those increasing investment)". Likewise, all of the other energy company documents reviewed here place significant focus on such risks in their respective analyses.

As highlighted above by Solana (2008), the authoritarian nature of oil and gas producing countries tends to create a number of social problems that can impact on the business of energy companies. In particular, the unintended consequences given attention by most of the energy companies are highlighted as being terrorism, civil unrest, international conflict, industrial action and sabotage (Eni 2010: 94; Chevron, 2010:30; BP 2009: 14; Statoil 2009: 151; Exxon Mobil 2010: 4).

However, the majority of the focus put on political and stability risk is concentrated on the potential intentional actions of producer states. In terms of what is highlighted as risk by the energy companies here, one can make a distinction between the politico-legal context (i.e. a lack of well-established and reliable legal regimes) and the intentional actions of governments ranging from tax and royalty changes to nationalisation and expropriation that the lack of a developed (and respected) legal order permits (Eni 2010: 94; Total 2009: 78; Statoil 2009: 151; Exxon Mobil 2010: 3; Chevron 2010: 30; BP 2009: 14).

Several of the energy companies (Statoil 2009: 151; Eni 2010: 94; ExxonMobil 2010: 3) note that a number of the countries in which they operate have underdeveloped legal structures, creating uncertainty and risk in their operations. ExxonMobil asserts that even when this risk is circumvented by international agreements to arbitrate disagreements, companies still rely on local legal systems to enforce decisions (2010: 3). The nature of the producer state legal derogations and infractions highlighted by energy companies range from issues related to interpretation of tax and royalty entitlements, production and exploration restrictions, to more serious issues such as unilateral contract changes, forced changes to mineral asset ownership, expropriation and nationalisation (Eni 2010: 94; Total 2009: 78; BP 2009: 14; Chevron 2010: 30-31).

A number of the companies assert that state-run entities in producer countries may not be operating to commercial imperatives and may factor political interests into their commercial decisions. Statoil notes that in the recent past governments and national oil companies in some regions have begun to exercise greater control over and more stringent restrictions on energy projects and that this is a trend they expect to continue (2010: 151).

As mentioned above BP notes that rising prices can lead to increased 'fiscal take' and "more onerous terms for access to resources" (2009: 14). ExxonMobil argues the same and alludes to a shifting power relationship between producers and energy companies

when they note that "restrictions on foreign investment in the oil and gas sector tend to increase in times of high commodity prices, when national governments may have less need of outside sources of capital" (2009: 3).[15]

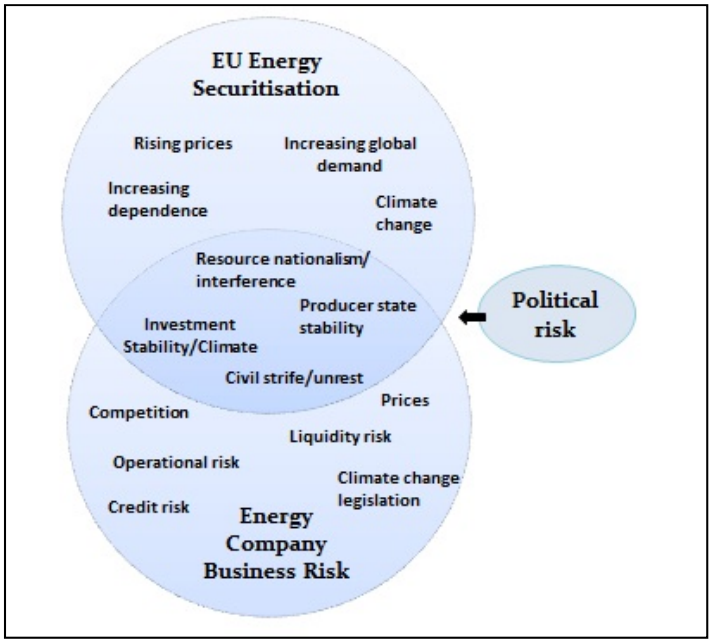
Explaining convergence in upstream political risk

The area that sees by far the most alignment of risk perception convergence between the EU and energy companies surrounds issues of political risk in upstream countries. This section seeks to explain this convergence by first highlighting the underlying structural reasons for this overlap based on the interdependence of energy companies and the EU, and secondly using the notion of framing discussed above (Daviter 2007, 2011) to suggest the political reasons for Commission convergence around company perspectives.

Political risk emerges from both the deliberate state actions and unintentional consequences of regime types. On the one hand, authoritarian energy producing states, particularly those captured by powerful domestic constituencies, can be prone to unpredictable behaviour, including interference in markets (e.g. including forced renegotiations, expropriation) (Jarvis & Griffiths 2007: 14). On the other hand, unintentional trends, stemming from the nature of such regimes (widespread corruption, repression, terrorism, etc.), have a negative impact on stability and impede regimes' ability to govern effectively (Jarvis & Griffiths 2007: 14; Stafford 2011).

One can observe that company and Commission perceptions are aligned on these questions of upstream risk in a way that they are not in areas related to the broader geopolitical questions of energy security, the domestic issues of internal energy or climate policy, or on the specific business details of energy company operations.

Figure 1: The interplay between EU energy securitisation, political risk and business risks.



Structurally speaking, this is partially explained by the fact that the relationship between the EU and energy companies is at its most interdependent on questions of upstream energy market functioning and the risks associated with it. Oil and gas, integral parts of the European energy mix,[16] are largely supplied in Europe by commercial companies operating for profit, and in this sense, commercial energy companies contribute significantly to European energy security. As such, and reflecting this reliance, the European Commission promotes – and securitises – a lack of governance functions (such as strong investment protection) that support the fundamental need for adequate, continuous and reasonably priced energy supplied by commercial actors.

With increasing levels of European demand on external supplies, Western company involvement in the upstream is seen as important for the efficient meeting of future demand (Pirog 2007: 5). National Oil Companies (NOCs) are often seen to be unwilling to invest in future supplies due to depletion policies that view oil in the ground as 'worth more than money in the bank' (due to expected price rises) and unable to invest as many producer governments are not forthcoming with sufficient investment funds (Stevens 2008:7-8). Generally higher levels of inefficiency and opaque business practices amongst NOCs exacerbate this risk by restricting the ability of NOCs to attract financing from international capital markets (Pirog 2007: 13). If national companies do not make these necessary investments or do not permit international oil companies to do so, then there is an increased chance of demand outstripping supply globally with price rises for European consumers an almost certain consequence (Pirog 2007: 11).[17]

Consequently, given the reliance of the EU on the effective functioning of energy companies and given that companies require a stable environment, consistent application of the rule of law, a secure investment climate and reduced instances of preferred treatment for national companies in order to deliver adequate and efficient supplies, any threats to the provisions of these factors is also a risk to the EU (as shown on the diagram above). At the same time however, this relationship is not only one way. Energy companies recognise that the EU level represents a potentially useful and powerful source of diplomatic support in these areas (Eni 2011: 4; Shell 2011: 4; Statoil 2011: 3; Eurogas 2011: 3). Some companies also argue for the benefits of EU interaction in terms of capacity building in producer states (Shell 2011: 4). The importance of the EU role in energy diplomacy is also stressed by some member states (French Permanent Representation 2011: 2; Government of the Czech Republic 2011: 2).

However, in the specific context of Commission communications (and in a more political sense) the notion of framing discussed above draws one's attention to the instrumentality that can be read into the political aspects of Commissions securitisation. The Commission, interested in garnering support for its agenda of increased Europeanization in energy (and subsequent greater energy competencies), has a clear interest in framing a large part of its securitisation discourse in light of the risks facing the companies that are key veto-playing actors in external energy policy. Likewise, it is highly unlikely (given the close interdependent relationship between member states and companies) that any energy securitisation move that did not frame its message in the context of these upstream factors would resonate in national capitals. Consequently, while reflecting the underlying structural dynamics that characterise European energy supply, the Commission's discourses should also be viewed in terms of their

instrumentality and political intentions, particularly in this area where Commission and company interests most overlap.

This does raise the question of why (as described above) the Commission does not more specifically securitise the energy companies that operate in the upstream as referent objects, whilst at the same time securitising the threats to them. In this attempt not to focus specifically on companies, the Commission is likely concerned about creating a perception of being too close to upstream-operating energy firms. While the EU (necessarily) pursues a set of policies that works to the benefit of energy companies in the upstream, the Commission is keen not to be seen to be overly reflecting the interests of industry players, particularly in the light of the broader normativity-outcomes gap debate in EU external relations.

CONCLUSION

As demonstrated above, analysis of the risk perceptions of EU actors and energy companies shows both convergence and divergence. While the Commission and companies frequently highlight energy risks in the same overall area they often draw attention to different specific, but deeply interrelated threats. Indeed, sometimes the threats companies identify derive directly from Commission/EU actions (climate change presents a clear example here).

In a number of areas (prices, competition and climate change) the risk perceptions of both parties exhibit divergence. While energy companies are weary of overly high prices (for fear of windfall taxes, contract renegotiations and long term demand reduction), in general a higher price environment is in their interest. For the Commission by contrast, high price environments hamper effective functioning of the European economy and consequently serve to spur efforts to increase competition between companies - which companies in turn perceive as a risk to their business operations. Likewise, climate change represents an important area of divergence. Legislation to reduce greenhouse gas emissions is considered vital by European actors to avert the worst effects of climate change. Companies however see legislation in this area as demand-reducing, burdensome, costly and threatening.

The analysis above also indicates that the Commission, at least in its public discourse, is not concerned with the day-to-day business risks - such as liquidity or credit risk - that companies face. This reinforces a distinction that EU officials note between third party interference or infringements to legal or investment frameworks: where there is a legitimate EU interest to act, and specific business affairs that are not the realm of EU action.[18]

However, on issues relating to the upstream political risks facing firms, the analysis above suggests a strong convergence between the security/risk perceptions of the EU and energy companies. This can be partly accounted for by drawing attention to the interdependent relationship between public and private actors in European energy supply. Companies face a number of different political risks in the upstream ranging from renegotiations to regime instability. The European Commission's preferred model of energy policy relies however on energy companies for the provision of continuous, long term, efficient energy supplies and thus securitises risks to this model. At the same time companies are reliant (in part) on the EU for support in the creation of an environment

conducive to business operations in these countries. However, it must be borne in mind that Commission (and company) public presentations of risk are in effect political statements that are deigned to achieve certain outcomes. As such this article argues that one could see the securitisation of energy company risk as an attempt by the Commission to frame its communication in light of the interests of core commercial actors central to a successful European energy policy. Without a strong inclusion of the risks faced by these actors, it is unlikely that European Commission proposals would carry much weight with veto-playing energy companies or member state capitals.

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[1] For a discussion of the multiple meanings of the term 'energy security', see Chester (2010).

[2] In the case of security of gas supply, see for example articles 23-24 EU Regulation 2010/994/EC.

[3] Some academic debate exists as to the distinction between risk and threat (see Güllner, 2008). This distinction however is not made specifically in this paper and the terms risk and threat are used more or less interchangeably. This paper is concerned with the *identification* of these threats/risks and the *degree* to which they are shared between actors rather than their intrinsic qualities *qua risk or threats*. Furthermore, the language of threat is more common in political circles, whereas the concept of risk is more often employed in the business related literature. Unpacking which of these designations of threat were really risk and vice-versa is neither possible within the scope of this paper nor necessary for the analysis presented here.

[4] This includes a mix of European IOCs and US-based IOCs that supply to Europe. Different results may well be found if the analysis of actors was to include those operating only in the EU or domestic member state markets.

[5] Accepting some of the arguments of wideners, most notably the broadening of referent objects of security and the increasing focus on non-military threats, is necessary in any analysis of insecurity identification by a non-state actors such as the EU and energy companies, and of non-military risks such as energy security.

[6] This is likely to mean that risks are underestimated rather than exaggerated. However given that this paper is interested in the convergence of the risks identified, not the extent to which they correspond to reality, this point is not of direct relevance here.

[7] For this paper, a number of documents have been examined. In particular, seven important texts - released between 2002 and 2011 - from the European Commission on energy security and policy have been analysed (see bibliography). In addition, a number of speeches on energy security and energy policy have been addressed. These include two speeches by (former) External Relations Commissioner Benita Ferrero-Waldner, three speeches by former Energy Commissioner Andris Piebalgs, and five speeches by current Energy Commissioner Günther Oettinger. A speech given by former High Representative for Common Foreign and Security Policy, Javier Solana, has also been included to give an additional perspective from another important supranational agenda-setting (former) official.

[8] By which he is referring to Gazprom/Russia's external commercial policy.

[9] Less direct than Solana, Oettinger notes for example that "uncertainty [in oil] is exacerbated by poor governance and a lack of transparency in parts of the global oil market" (2010c: 2).

[10] Investment attraction and investment security are intrinsically linked, as no one is likely to be attracted to invest in areas where pervious investments (theirs or others) are not secure.

[11] Of course, not all of these companies are European.

[12] With regard to energy companies, the analysis in this paper is based on the examination of annual reports and responses to European Commission public consultations from a number of European and international energy companies - BP, Eni, Statoil, ExxonMobil, Chevron, Royal Dutch Shell and Total. In cases where annual reports did not include a section on risk factors facing each of the respective companies, filings to financial authorities - the United States Securities and Exchange Commission and the French Financial Markets Authority - that do include a section on risk were analysed.

[13] The Environmental package in question consists of (*inter alia*) a revision of the EU Emissions trading Scheme (ETS), binding targets on the production of renewable energy, promotion of carbon capture storage (CCS) and revised rules for state aid on environmental projects (IEEP, 2008).

[14] The author would like to thank one of the anonymous reviewers for this insight.

[15] Several of the companies (Chevron, BP, ExxonMobil and Statoil) also highlight the potential risks associated with OPEC's ability to apply production quotas, change supply levels and consequently affect oil prices.

[16] The most recent figures available from the 2011 Annual Report of the European Commission's Market Observatory for Energy note that oil represents roughly 36.5 per cent and gas 24.5 per cent of total EU energy consumption (figures for 2008) (EC, 2011b: 10). Figures for 2009 are thought to be close to this value (EC, 2011b: 10). Europe is dependent on imports for 84.1 per cent (oil) and 64.2 per cent (natural gas) of these supplies respectively (figures for 2009) (EC, 2011c).

[17] In a more critical sense, it should also be noted that these international oil companies are also major taxpayers in their home countries and their financial performance is of significant interest to governments given their presence in pension and investment funds.

[18] Interview with EU Official, Brussels, 2011.

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