

NATO increasingly concerned with energy security

Energy on the radar

Does NATO have a role to play when it comes to ensuring energy security for its member states? It is a question that has been hotly debated in NATO and security circles since in March 2006 the Polish Foreign Ministry proposed an “energy Article V” to the NATO Treaty which would pledge all signatories to assist a country in the event of an energy supply disruption. The issue is not settled yet, and will be on the agenda again at the NATO Summit in Bucharest in April. In the meantime, NATO, the EU and the US government are already busy zooming in on the energy hotspots in the world.

| *By Karel Beckman*

The Polish proposal to give NATO a formal task in energy security was no doubt controversial - aimed as it obviously was at Russia. Yet it did not fall entirely on deaf ears. It was given a formal follow-up at the Heads of State and Government NATO Summit that took place in Riga in November 2006. This summit ended with a declaration that pointed to an increased role for NATO in energy security. ‘As underscored in NATO’s Strategic Concept’, it said, ‘Alliance security interests can also be affected by the disruption of the flow of vital resources. We support a coordinated, international effort to assess risks to energy infrastructure security. With this in mind, we direct the Council in Permanent Session to consult on the most immediate risks in the field of energy security, in order to define those areas where NATO may add value to safeguard the security interests of the Allies and, upon request, assist national and international efforts.’

In effect, this declaration meant, as Adrian Kendry of the Economics Directorate of NATO International Staff points out, that ‘the North Atlantic Council, the highest decision-making body at NATO, was directed by the Heads of State and Government to consult immediately on the most immediate risks in the field of energy security.’

The Riga Summit declaration consequently led to various initiatives within the NATO organization to find out what a possible role could be for NATO in matters of energy security. In particular, Philip Cornell, a Senior Fellow at the NATO School Research Department started a research project into the subject. In July the NATO School, together with the Institute for the Analysis of Global Security, organized a conference in Germany that brought together most of the experts on energy security. A report on this conference was published in December.

Cornell, as it turns out, is critical about what NATO can and cannot do to improve energy security. He writes that there are many arguments against a substantial role for NATO in energy matters. ‘Militarizing an issue which is fundamentally economic would have distortionary effects on the market, impeding investment necessary to expand capacity exactly when it is so necessary. It could sour relations with producing countries by adding an apparently confrontational dimension, further politicizing energy trading and at the same time casting a shadow over various other political issues. In short, a leading NATO role on the issue would be counterproductive to the end-goal of political and security risk reduction.’

Where NATO does seem to be able to add significant value, says Cornell, is in the area of ‘critical energy infrastructure protection’ (CEIP). ‘Improving energy infrastructure

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security measures by providing those tools which the private sector cannot, including capital-intensive surveillance (air or space-based reconnaissance) and training support to the security sectors of producing and transit countries, can mitigate risks which otherwise drive up costs and impede investment.’ Cornell believes that discussion within NATO for the foreseeable future will be limited to this area.

Nevertheless, the NATO researcher admits, in his closing remarks at the conference, that the issue is by no means settled. Indeed, he predicts that the subject of energy security will again be on the agenda this year at the NATO Summit that is to take place in Bucharest in April: ‘A formal declaration at the 2008 Bucharest Summit would settle the lingering questions about NATO’s intentions and their limits.’

Jihadists |

So what do other experts think NATO’s role could be in energy security? Gal Luft, Director of the Institute for the Analysis of Global Security, argues that terrorist attacks have a much larger impact on world energy markets than is commonly understood - and that terrorists are keenly aware of this. ‘The jihadist movement is extremely aware of this sensitivity and vulnerability, and they talk about it all the time. Our staff surveys jihadist websites and communications and chat rooms. Potential attackers clearly realize that all they need to do is explode a facility in the Middle East and send oil prices up. And (...) they have succeeded in creating a fear factor, or terrorist premium in the market.’ As a case in point, Luft mentions Iraq: ‘It would be forgivable to consider the attacks so far in Iraq as just pin pricks. The problem is that their large number adds up to about 1 million barrels of oil per day lost to politically motivated sabotage. This does not refer to theft and looting (which are also rampant). Economists will agree that an extra million barrels of oil per day would cool prices to \$40-45 per barrel (...). Thus, the jihadist movement

has succeeded in increasing the price by nearly \$30 per barrel just by targeting low-level infrastructures in Iraq.’

Luft’s advice is that we should ‘protect what we have’ by military means - as well as to reduce our dependence on oil.

Rear Admiral Hubert Hass, Chief of Staff of Allied Maritime Component Command in Northwood (UK), agrees with Luft. ‘Al-Qaeda has made clear what they think they should do, or what those working for them think they should do. They have described the world’s energy system as its umbilical cord; called for the targeting of such “economic lifelines”; and expounded on the great impact of a rise in the oil price. As recently as February 2007 Al-Qaeda declared that “The goal is to cut its supplies, or to reduce them by any means.” Their intentions should be quite clear.’ In this battle for energy security with Al-Qaeda and other terrorist organizations, the oceans and seas are of vital importance, Hass argues. ‘90% of the world crude oil trade is transported by a fleet of some 3,500 ocean tankers’. In addition, by 2020, some 600 LNG tankers are expected to operate worldwide. How vulnerable are tankers? ‘I have worked in the past personally with fast-patrol boats’,



A NATO Sea Sparrow missile is launched during a live-fire exercise from the aircraft carrier USS Harry S. Truman in the Atlantic Ocean on September 11, 2004. Photo: Jason P. Taylor/Corbis

says Hass, 'and know what can be done to a tanker with one. A tanker can easily be stopped from going on, caused to burn, and turned into blockage that is difficult and time-consuming to clear. That being said, it is quite difficult to sink. Still, a potential attacker can cause a good deal of harm rather easily.'

But not only the tankers themselves, tanker terminals and ports are vulnerable too. Hass: 'The Saudi oil maritime export infrastructure is the largest in the world, and attacks upon it would have a large impact on the world oil supply and of course on oil prices. The primary Saudi export terminals are at Ras Tanura, with 18 berths, and also Jaaiama. The Petzernal pipeline carries oil from the Abokai and Ghawar oil fields to the Jammu port on the Red Sea. Every year, more than 9,000 tankers call at these and other Saudi facilities. The ports, we state categorically, are Saudi Arabia's oil export Achilles' heel.'

Situational awareness |

The US government has, apart from NATO, already stepped up its energy protection activities in recent years, says

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Bruce Averill, Senior Coordinator for the US State Department's Critical Energy Infrastructure Protection Policy Office of the Coordinator for Counterterrorism. Starting in April 2006, Averill's unit has made an inventory of all the critical, large energy facilities in the world, in particular refineries and other processing centres, import/export terminals and pipeline junctions. 'We are focusing on the big geese that lay the big golden eggs', says Averill. The State Department has approached all the countries in which these 'big geese' are located and offered to help them with improving security measures. He does not disclose which countries he is referring to, although most of them clearly are in the Middle

East. Averill: 'Within some of these countries there are substantial majorities or minorities who would not take well to American consultants scrutinizing their most valuable facilities - the crown jewels as it were.' So: 'We avoid advertising our presence.'

Averill stresses that the State Department has included LNG facilities in its list of critical facilities.

The EU has also turned its attention towards protecting energy infrastructure. Thus, the European Satellite Centre (ESC) is engaged in monitoring 'sabotage trends against oil and gas infrastructures'. Antonio de la Cruz of ESC notes that in recent years, terrorist attacks on oil installations have increased globally. 'There is a valid and widespread cause for concern.'

Whereas this seems to argue for an increased role of NATO, sceptical voices were also heard at the conference. Andrew Monaghan of the Research Department of the NATO Defence College, who focused on Russia, said that 'Russia does in fact pose a lot of problems. In

fact, as a Russianist I would say it poses more problems than most people at this forum are aware of.' Nevertheless, he argued that Europe should be 'engaging' Moscow, rather than antagonizing the Russians. He warned that NATO involvement in energy security is in many ways problematic. 'The agenda is unclear, to put it diplomatically. There is a lack of consensus and a divergence of approach.' Yet he also saw some advantages in bringing in NATO in energy policy - the major advantage being that NATO would bring Turkey 'squarely into the discussion'.

On one point the experts are agreed: NATO should quickly make clear how it sees its role in energy security. As

Cornell put it, NATO 'needs to move uncharacteristically quickly to clarify its intentions - the waffling which has gone on since Riga has done nothing to provide the reduction of uncertainty so critical to a viable energy security strategy.' ■

The NATO pipeline system

Energy security is not only important to the economy, but also to the military itself. NATO forces could not operate without ample and secure fuel supplies. Since the 1950s NATO has operated its own pipeline system. According to the NATO Handbook, 'the NATO Pipeline System consists of nine separate military storage and distribution systems for fuels and lubricants, and is designed to ensure that NATO's requirements for petroleum products and their distribution can be met at all times. The system consists of a number of single nation pipeline systems covering Italy, Greece, Norway, Portugal, Turkey (two separate systems, East and West), and the United Kingdom; and two multinational systems, namely the Northern European Pipeline System (located in Denmark and Germany) and the Central European Pipeline System, covering Belgium, France, Germany, Luxembourg and the Netherlands. The NPS as a whole runs through twelve NATO nations and provides some 11,500 kilometers of pipeline, linking together storage depots, air bases, civil airports, pumping stations, refineries and entry points.'