

From Global Contest over International Coordination in Energy Security – European policy between geopolitics and multilateral governance

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Introduction

In 2011, European Policy set out clear objectives for the external dimension of energy security. For an effective promoting of energy interests, the EU and its Member States have to establish a lead position in geopolitics: in the form of constructive dialogues and bilateral partnerships with other large energy consumers, both industrialised countries and emerging economies (COM 2011, p. 10-12). Why is geopolitics an essential field of acting from EU policies? Is there a new geopolitical energy structure as promoted by the EU Commission?

This contribution will focus first new geopolitical factors, whether the European Union would use foreign policy instruments in a given situation. This will be done, second by reviewing the instruments of European Integration policy in the area of (energy-) security in last decade. We shall argue that the external dimension of the European Union on the global scale is still determined by economic potential together with the power of defining norms, values and cultural aspects. Countries which are closely linked or rather in neighbourhood have a strong orientation towards current constitutions by the EU. The EU implodes the space of regulation – attached and reflected by the states of the neighbourhood region.

However, as we shall describe, these facts of European geopolitics have faced serious obstacles in terms of clearness. The reason is that common need of energy resources has been moderated by the market mechanism as analysed in governance based on institutions or major companies by Schimmelfennig (2004), Wesphal (2006), Schmitter (2006), Lesage (2010), Goldthau (2010), Sovacool (2010, 2011) among others.

This contribution holding the approach of geopolitics and follow the neorealist terms of state centred actors – able to connect each other for cooperation and stability - with the European Union as one of them. European Energy Policy is exercised in a tension of political links between global and regional players, such as the USA, China and Russia and others. Considering the fact that as energy security is a dominant factor in international relation issue, this contribution examines the view on an access to resources and transportation infrastructure. We should note, that the European Union imports over 60% of its gas and over 80% of its oil. Global energy demand could raise circa 1,5% annually (COM 2011, p. 2). Growing competition for carbon-based liquid fuels, aims to analyses these tensions in geographical regions, which hold a strategic key position of production and transit of resources, respectively for import of crude oil and natural gas. Most of the reserves and resources (~ 60 percent) are storing in developing and emergent countries in Middle East, Caspian Region and Central Asia (BP 2011, p. 6 and p. 20). These facts will be a trend to concentration of areas with long term R/P ratio, such as the Middle East or Caspian Region with a duration of reserves between 60 and 100 years (ibd.). One of the main geo-strategical platforms toward these regions is the South Caucasus, particularly Armenia, Azerbaijan and Georgia. In a centre of interests

is the significance of transportation area for energy resources and the function as strategic-factor of global security policy.

The main geopolitical actors in global energy issues

Which of the aspects mentioned above can help us understand the political system? This, Joseph Nye jr. shows in his book: „Bound to lead.” The United States is the strongest state with respect to the economy and military (the so called “Hard Power”) but also to “Soft Power” together with other global actors (Nye 1990). He describes the second term of power as the ability to urge other actors to develop identical goals and relations for an alliance. In International Relations, actors can be individual states, but also non-state actors, like International Organizations (IO), but also major corporations. The Nye's idea deals with the description of a multi-level system within the International Relations: such as 1. Military-unipolar, 2. Economy and 3. Geopolitics (Nye 1992). Leaning on Nye's idea, Victor Panin suggests the access to energy resources and the composition of the geopolitical level with the USA, European Union, Russia and China as power-centres (Panin 2003, p. 30). We have the situation that all main global players do not have resources of oil and gas in a R/P ratio respectively duration of reserves by constant level of production more than two decades (BP 2011, p. 6 and p. 20) or rather a strong necessary to invest and secure in production and infrastructure.

The theory outlined in the following pages is tested qualitatively on the example of the South Caucasian, and Caspian Region studies since the Post-Cold War

era, led by the argument of the European Union as a single state-actor. Focusing on this era allows to disregard the possibility of great power involvement in a given crisis that may influence decision-making, since at least theoretically in this era, there is time to build a global power structure with the EU as one of the main factors.

Global contest

The discussions about circumstances of the global contest about energy resources result from many aspects of our society: economies, relations between states, militaries and political stability. In all of them, the sharing of energy resources takes place of interest substantially. A majority of foreign and national-security policies of the greatest economies deal closely with the rising global demand for fossil fuels. A growing rate of 1,2% percent annually - with fossil fuels, mainly oil and gas, accounting for over 50 % of the increase in total primary energy demand – takes upon one self-cautious implementation of the policy commitments and plans (IEA 2010). Rising fossil-fuel prices for consumers lead to growing cooperation or contest depending on regular production and ensuring the safety of transporting routes. We should note, that foreign and security policies stand in a close context with the market mechanism. However, Kirsten Westphal wrote in clear way, rules of the energy trade have changed over time. International oil companies had lost their strategic and central position due to the processes of decolonization, nation building, and nationalization of oil industries (Westphal 2006, p. 46). The exploration, trading and consumption of these commodities are predominantly

organized by private actors who interact with one another through market-based transactions. The authors recognize that energy markets are structured by a broad variety of different actors, public as well as private. In addition to governments, non-state major companies, i.e. international energy firms, financial institutions and others, interact through market-based transactions, and thus determine outcomes in global energy. There are mostly private companies, which are drilling for, buying, or selling oil and gas, but not least they decide on allocation of capital, technology and manpower (Goldthau/Witte 2010). On the other hand, not all companies are fully privately owned. In contradiction to governance recitations, transnational companies cannot act without paying attention to national laws and have to respect state rules. They have to consider trade-restrictions with respect to possible country-dependent sanctions. A look at the situation of energy companies shows that for oil 62% of the production and 88% of the reserves, for gas 62% of production and 92% of the reserves, are in hands of state controlled companies. From the five greatest international energy companies, four are around to 100% state controlled. 1. Saudi Aramco (100) - Saudi Arabia, 2. NIOC (100) - Iran, 3. Exxon Mobil – USA, 4. PDV (100) - Venezuela und 5. CNPC (100) - China. In comparison to data from 1997, the shares of private controlled energy companies on the 50 largest worldwide were falling down of only 50% (Petroleum Intelligence Weekly, 2007a, 2007b, 2008). The domination of state-controlled companies speaks against approaches, which argue that market actors are at the centre of global activities. With respect to the dominance of state owned funds, influence on the international financial market and other states is increasing. Funds will have grown five times from the year 2007 until 2015. Many states are going to

claim conditions of transparency and controlling foreign actions (Johnson 2007, p. 56-57) which shows that state actors are still dominating global energy issues.

On the other hand, there are states only situated in key positions, whether for the transportation of goods or different things. The key aspects are often defined in relation to geographic areas, which determine the cost of commercial trade and goods. Marcel de Haas (2006) calls the term to dissecting the links and causal relationships between political power and territorial space as geopolitics, and discusses factors such as the size of territory and population, but not least the geographic position (Ibd., p. 9). In the same way, the aspects of geopolitics can also be understood as a policy-oriented discourse about a state inspired by its position on the map (Wusten/Dijkink 2002). Currently, in academic literature a uniform definition is lacking. Geopolitics itself "is notoriously difficult to define" (Ó Tuathail/Agnew 1992/1998, p. 79). According to Haas, the term includes a state's dependency on foreign trade, the status of a region and its behaviour in the international arena. (Haas 2006, p. 9). These discourse of geopolitics will supplement by a trend of growing distances of transporting energy resources and necessities of secure of pipelines and sea routes granting relevant states with a greater influence in the global system.

The authors Kalicki and Goldwyn point out that states as energy producers have found opportunities to integrate their energy development policies more effectively into their own economic and foreign policy interests (Kalicki/Goldwyn 2005, p. 5). One of the biggest demander for resources, for example, China uses a variety of diplomatic instruments for its interaction with its "energy-

related" partners and instrumentalists its position in International Organizations to lobby for the interests of such states (Trough 1999). Since 1998, according to a White Paper of the Chinese National Defence Ministry, energy security has been an important component of the official government policy (Jane's Intelligence Review 2004, p. 56). These instruments include general political and diplomatic support of countries in Caspian region.

Almost half of dominant countries in the international system are using own resources and have the potential to protect and help a prospect other country's resources. Examples are the United States and Canada (until peak oil at present time), but also producing countries like Russia. Dominant consumers like China, the EU, India or Japan is not able to produce all of own energy needs, but able to control or rather protect (through the state or non-state owned major companies) countries indirectly, which have rich resources.

In two-decade discourses about exported energy resources in the International System, the need for new security balances and interests-cooperation considering geopolitical aspects have grown continually. At the present, a high degree of institutionalization supports the stabilization of international structures and solutions of conflicts caused by the revival of multi-polarity in the global system. Institutions act in support of building confidence between states or other relevant actors due to the facilitation of transparency through information and the provision of a forum for negotiation (Jackson/Sorenson 2007, p. 108-111). At the present, the global contests are accompanied by a number of international treaties, platforms, institutions and organizations, with led to a collection of research, based between governance and geopolitics approaches.

According to prognoses of chief economist Fatih Birol of the International Energy Agency, which was created in time of the 1970s oil crisis from two dozens mainly oil-importing countries, about \$ 1,5 trillion needs to be invested every year in new production sites and energy infrastructure to secure world demand of fossil fuels (Birol 2011). Higher cost of infrastructure and Production implies three necessities, acting of the European union as one single player in energy issues, extension of cooperation in development of alternative energy resources and exchange of information to calculate trends of demand and supply.

The Caucasus and the Caspian Region

The Caucasus has always had a significant position that connects Europe and Asia, Occident and Orient. Caspian Sea Region has played significant geo-strategic role as one of the main producing areas of energy resources. The end of the Cold War also dispensed with its side-effects, that is to say, the balance of power and the stability thus created. So the Caucasian Regions was destabilized again, with the result that came back into the limelight and remained there from 1989 to 2008, two full decades. Therefore, throughout the territory of the territories from Armenia, Azerbaijan and Georgia, which minds all states of the South Caucasus excluding the North, which is Russian territory, has been under focus of regional and global powers to realize their interests and to expand them to other regions. Great powers were almost struggling about energy resources in Caspian and Caucasian region. Every year, offshore production is expected to reach circa 8 % more as much as in 2010 (IEA 2010).

Due to this reason, it gained attention from regional and global powers, which always played important role in the political and economic development in the region. Other ways, South Caucasus is one of the most unstable region in Europe's Neighbourhood.

The South Caucasus is once again playground for realization of different interests of players. However, these interests will clash with each other and will have an enormous impact on the political and economic developments in the region. Players in order to realize their interests will have to re-define their policies toward the region. All in all, the South Caucasus is placed where global and regional powers can follow their interests and platform from where they can export their interests to other regions.

The main global players in the region are the USA, EU, Russia and China. These countries have contributed pillars of the respective region and will regulate future development to one of the most important key regions for global power as well. After the begin of US-unipolarity, the only superpower tried at first to gain control over the territory, particularly the South Caucasus. Especially, the foreign policies of the USA and Russia are emphasizing the three states. EU is pursuing its interest through the integration process and export of EU energy norms and regulations. However, recently Russia, China, Turkey and Iran are re-gaining its position in the region too.

Political instabilities, for example, the war in Georgia 2008, showed the need for a multilateral conflict solution. Geopolitics of EU could call for action as hard power, such as doing in the military observers mission EUMM 2008 (Council of

EU 2008). The European Neighbourhood Policy could be an important instrument to increase the position of the EU as a self-determined and self-confident actor in the international relations. The European Union is a participant. She takes a position in light of their own „neutral“ function and of the considerable economic challenges Caucasian states faces. The role and influence of global and regional players in the Caucasus and Caspian Basin has always been changing according to economic and political preferences. They also have been competing with each other.

American interests in Caucasian Regions

For the USA, the main geopolitical importance has Eurasia. Theoretical conformists defined Eurasia as the globe's largest and important continent since the early twentieth century. Halford Mackinder created the synonym Heartland with his center from European Russia, Caucasus and Westsiberia: „Whoever controls the Heartland rules the World-Island, and whoever controls it rules the world“ (Mackinder 1904). Another author Nicolas Spykman disputed that the area surrounding the Heartland, the Rimland, was, in fact, more important than the Heartland itself, since it was the scene of struggle between the sea-powers and land-powers. He fixed his own rule: „Whoever controls the Rimland controls Euro-Asia, and whoever controls Euro-Asia rules the fate of the world“ (Spykman 1944 [1969]). Both authors influenced the thesis from Brezinski after the begin of the US-unipolarity. For him, the power that dominates Eurasia would control two of the world's three most advanced and economically productive regions. Now a non-Eurasian power is pre-eminent in Eurasia and

America's global primacy is directly dependent on how long and how effectively its preponderance on the Eurasian continent is sustained. (Brzezinski 1997, p. 30). Caucasian Region is part of these plans. In the early 1990s the USA recognized the region under an impression of economic and political instability, ethnic conflicts and civil wars (Dehdashti 2000, p. 317). There were no specific attention, just only from Armenian interests groups. In 1992, the US-Congress passed the Freedom Support Act in advantage for Armenia, who received tenfold more humanitarian aid than Azerbaijan until 1994 (Ibd., p. 317). Interests for Baku and Tbilisi were rising with the recovering of the Caspian Basin as a place for transporting and producing fossil fuels. In the mid-1990s American firms' interests – United in a foreign oil companies group – in Caspian energy resources grew. Washington started a more active policy regard the South Caucasus (Scott 2007, p. 20) as part of a larger strategy to influence Eurasia. Azerbaijan cooperated with the Energy consortium AIOC – the Azerbaijan International Operating Cooperation, most of major companies from the USA (44 percent) and his ally Great Britain (together 63 percent) (AIOC 1998). For the strategical thinkers in Washington's energy resources in Caspian Basin were only one component of geopolitics. American policy was aimed towards Central Asia and to counterbalance Russian and Iranian influence. Nevertheless, energy interests were one of the main reasons to control the southern line of Eurasia. In 1999, US-Congress passed the silk route strategy, which stated that „[...] the region of the South Caucasus and Central Asia could produce oil and gas in sufficient quantities to reduce the dependence of the United States on energy from the volatile Persian Gulf region (US-Congress 1999). Since the terrorist attacks on September 11, 2001, the war on terrorism

has been Washington's main foreign policy priority, including in the Caucasian Region. Due to war on terror, the Bush administration moved most of its interest to the Gulf, but still one of the main supporters of the infrastructure projects.

Washington has adopted a multiple pipeline project strategy not only to carry Caspian energy to Western markets, but also to set a foot in the geopolitical platform toward Central Asia and the Middle East. In 2010 US-imports of energy resources were only one percent from Caspian region and Central Asia (US-Energy Information Administration 2010). Nevertheless, North American ports are too far from the oil and gas fields of Eurasia. Tendency is going to gas as the main fossil fuel and the technical development of LNG – liquefied natural gas. US-markets will play a key role of the global trade (Victor/Jaffe/Hayes 2006, p. 471). Sharing of LNG-imports could rise from 4 percent in 2006 to 25 percent in next two decades (Medlock 2011, p. 23). The strategic aim of the United States is to retain – at least – influence in Eurasia, and the Caucasian Regions are an integral field for common energy security policy. Moreover, the proximity of the South Caucasian States to the Caspian Region, the Middle East and Central Asia reserves a truly unique placement in the strategic considerations of the global power-architecture cores in Washington, Moscow, Brussels and Beijing increasingly. Obama's administration will pay more attention to the Caucasian Region as the previous Bush's administration did. Additionally, Washington will stay active in the Caucasian Region also in the future.

European geo-strategical Caucasian Policy

What is presented in the current paper, there is, namely, that geopolitical factors determine whether the European Union would use instruments of foreign policy in a given situation? To be more explicit, a balance of geopolitical interests and accessibility to the scene of crisis determines the extent of hard power would use.

The EU has risen quality of hard power: 1.) Quantity of foreign-, security- and energy policy-making according to stabilizing the governance process, second the position of the EU in the international system and open spaces to influence other regions and 3.) the dynamic of integration for EU-neighbouring countries.

The terms of democracy, human rights, but also the rule of law and market economy is responsible for the European Integration project, which have an influence on the “Schengen”-conture. The blurred borders imply an extension of space of new law and order. EU's external energy policy is the objective of energy market integration, rather than only bilateral or multilateral co-operation. For the most of the countries in Caspian Region the EU is either the most important (Armenia, Azerbaijan, Georgia, Kazakhstan, Tajikistan) or a significant (Turkmenistan, Kyrgyzstan and Uzbekistan) economic partner. (Prange-Gstöhl 2009, p. 5301). Therefore, these countries are still open to accept EU rules and order rather than others. Even though the EU can put under an obligation their neighbourhood in any case (partnerships, Neighbourhood Policy, memberships), this might be very costly and under certain circumstances may prevent instability, ethnic conflicts or civil wars. Even

through the land borders EU to transit influences their neighbourhood, in many cases mere shows of soft power is insufficient and further deployment, including in many instances neighbours burn in inner-conflicts all received capital again. For example, the amount paid of war in Georgia 2008 were higher than all EU help together since independence 1991 (Phillips 2008, p. 17 and European Commission 2007).

Reaching landlocked countries is Europe's greatest favour of powers projection. Thus, the basic argument is that geographical conditions open the choice of hard power (Jervis 1978, p. 194-196). Great powers pursue global dominance in order to maximize their relative power. John Mearsheimer's canonical version of offensive realism argues that the bodies of water prevent this from happening, labeling it "the stopping power of water" (Mearsheimer 2001, p. 114-128). Mearsheimer's rule is adequate to sea-powers. It does not apply to land powers such as EU (and perhaps Soviet Union in the past), because land is their basis for a common infrastructure, like railway, autobahn and pipelines, whereas large oceans hinder them. Because of its assistant position in the international system as an out shore power, European world preponderance is based on its land power. The land is a strong natural subdivision, capable of maintaining abroad balancing, but there is an intricate unsettled question in projecting European power into navy locked countries, such as the U.S. (Layne 2006) and the British Empire in the past.

Placing geopolitical components at the centre of the explanation of European use of hard power does not necessarily mean that geopolitics alone explains the phenomenon. We should note, that decisions on using hard power are a

necessity to only within specific geopolitical conditions, but that does not necessarily mean that only geopolitical incentives will be weighed. If the EU faces successfully using of hard power instruments, such as economic investment and observer missions for saving stability, so the treating failure of the European integration process could be stopped. A secure transport infrastructure for energy resources granter stability in EU itself.

The so called “soft power” – the influence and responsibility of setting norms and values – could set impulses influencing countries, which are to date not directly linked to the continent. Support and inter-connected influence could be with the Russian Federation and several states of the Eurasian continent. The responsibility of the European Union with its set of values and norms could spread to current regimes with have an opponent attitude to current US-unipolarity. If there is a further development of Washington's pre-dominance, the first address of orientation would be the European Union as a partner anyway.

The European integration policy with the European Neighbourhood Policy (ENP) as an instrument is strongly influenced by neighbouring regions, which determine the position of the EU in the International Relations. The member states of the ENP is characterized by high potential for security problems, but also with functions as transportation corridors, especially for energy suppliers. On the side of the EU, there is a distinction in the area of security between the external and internal dimension.

However, not least the so-called soft power would be not enough to secure EU

influence in the South Caucasian Region. If the European member states want to hold or increase their prosperity, democracy and their high standard of life, so defending economic interests and energy supply in the area of Caspian sea as soft- and hard powers are necessary. Main opponent is Beijing, which offers access to China's energy markets and spends attractive investments from state controlled major companies or financial funds.

China – new geopolitical factor toward Caucasian Region

The country's quick growth of *international trade*, coupled with its large population, has placed it at a disadvantage in many aspects of trade with raw materials, especially oil and gas. China became a net oil importer in 1993. In 1998, energy security becomes an element of the official governance policy in the *White Paper* of Defence Ministry (Jane's Intelligence Review 2004, p. 56). The state controls and supports all major energy companies and is using there directly as an instrument of foreign policy (Trough 1999). In 2004, the country was overtaking Japan as the second-largest net importer of petroleum (He/Lin 2006, p. 93). Since 2009, China consumes more energy as any other state in the world and will increase consumption about 75 percent in next decades (IEA 2010, p. 8). Other states became nervous about Beijing's destabilizing effect on global energy commerce (Garnaut 2005, p. 513). High and fluctuating prices on the stock exchange and sinking resources bring the country in competition, not only with hungry emergent nations (India or Brazil), but also with established economies (EU, USA and Japan). In last three, four decades, China has had understood the international rules of competition very rapidly.

According to Nye jr., China suffers from corruption, inequality, and a lack of democracy, human rights and the rule of law. While that may make the *Beijing consensus* attractive in authoritarian and semi-authoritarian developing countries (Nye jr 2005). Chinese's diplomacy, especially for energy security, does not much asking for any democratizing and has been prompted by the commodities trade. As Beijing adjusts to the realities of economic globalisation, while guaranteeing stable supplies of energy to fuel own ongoing high economic growth, there will be the potential for China to decide on a more unilateral strategic policy to protect its interest in the South Caucasian Region. Several projects has shown growing competition toward the USA and the European Union. Since 2009, new pipelines bring oil and gas from Kazakhstan and Turkmenistan to chinese mega-Centren (China National Petroleum Corporation (CNPC) 2009 and Shaffer 2010, p. 7212-7213). The gas-pipeline towards Turkmenistan could be able to transport one quarter more gas than the European project Nabucco through Turkey (Liao 2006, p. 67 and CNPC 2009). In South Caucasian Region, Beijing is growing to the main opponent for the European Union. Especially transportation infrastructure towards China's east coast could become more attractive than transportation to European cities.

The Game of interests

The geopolitical players, the USA and the EU have a deeply political and economic interest in the region. Military collaboration expanded their influence because Caucasian Region serves as some kind of basis for their interests in Central Asia and Middle East. The European Union tries to stabilize the region

through integration. Despite South Caucasian, Region has not yet become members of the EU, they all members of the European Neighbourhood Program and have European aspirations. However, Brussels will have to compete with other powers in order not to lose its influence, particularly because of its internal frictions. USA with military cooperation to Georgia and economic support to Armenia and Azerbaijan played the major role in the new political organization of the South Caucasian Region. The South Ossetia's issue in Georgia and divisions between USA and Russia may also have an impact on a larger scale as we saw in last two decades. This issue focusses energy policy and transportation infrastructure, like Southern Stream, the Nabucco pipeline projects and Chinese ambitions.

Energy may cause improvement of relations between EU and Russia despite opposition from United States because Moscow will stay in European Union most important energy supplier and Caucasian Region will be a route for energy transport infrastructure. A restriction of the topical evaluation could be on the Caucasian Region as a geographical and geopolitical key position. Subsequently, weak state structures and tense relations between ethnic groups have caused instability, political disagreement, conflicts and economic decline.

The respective adjustments of three south Caucasian republics (Armenia, Azerbaijan and Georgia) were partially marked by changeable orientation of different powers. Players on political area (such as the USA, Russia, China and the European Union) are global dominant state actors. Washington could have following strategical aspects: - political stability and the removal of influence on the access to the raw-material reach "energy ellipse" likewise, belong to the

strategical interest field of the US-Americans in the Middle East and in the Caspian space. The USA will hold on to a geostrategy toward these regions, including the South Caucasus. However, the traditional actor is Russia. The geographic span covers the Caucasus as a whole. The North Caucasus, is interweaved ethnically, culturally and economically with the Southern states. Other actors outside the Russian authorities have neither substantial influence with regard to the energy policy or the security situation. Thus, no other restrictions are needed. The country is one of the main players in the field of the International Relations as one of the important energy suppliers for Europe and Northeast Asia. The closest partner in the international arena is the European Union, which takes a neutral position between Moscow and Washington. The new actor in Caucasian and Caspian Region is China. The country has demonstrated interest in the removal of a transport hall and a geo-strategical positioning in a raw-material rich region. The extension of energy infrastructures in Caspian Region reduced the value of the Caucasus Region as transportation area.

The position of the European Union in the sub region, in contrast to the U.S. and Russia as most influential players, focuses on a lesser power-related approach for conflict resolution, but rather emphasizes the creation of interdependence and regimes in order to bring long-term stability. No power-political turning would the EU have, which presents an advantageous position to itself as a neutral actor. The Union of 27 member states, authorized for juridical acts towards other states or any other legal entities, has the potential of intensification of its presence in the region. A cooperation with the main

involved states, including the Caucasian and Caspian states itself could produce an regional example of increasing political and economic stability. The first step to find cooperation partners, according to a geopolitical approach, in the heart of Eurasia, could be the Russian Federation. The relations would have to be deepened at the same time to develop common policies.

In consideration of different priorities and mutual blockades of the involved states shows – in view of defusing of the contrasts – that solving internal-Caucasian conflicts is a determining factor. Global geo-policy on regional level would need a common concept of all involved actors, with representation – depending on autonomy – of the minorities striving for independence regardless of complicated alliance.

The paper has shown major characteristics of the mode of functionality of international global energy geopolitics, and they hereby exist potential for dealing with global cooperation. State-own companies and state funds are in a majority and dominating the global energy market. According to the usability of theoretical frame constellations concerning intercommon policy interests and cooperations, current issues on energy security have shown a strong interaction between global powers (USA China, Russia and EU), which are or less more interconnected to each other. The case of the Caucasian Region shows an example, that the four international powers will contest each other as regional oriented player.

Conclusions

To conclude, the paper does not intend to provide a judgmental analysis on which approach could reduce or avoid a global contest in energy security. Geopolitics is a major branch of research in international relations and is integral in the European foreign policy relations. The EU emerged into a leading position in the global arena along with the USA, China and Russia. In the long term dissolving conflicts in Caucasian region proved to be a major problem which drives European attention to present time. For influencing the strategical platform toward Middle East, Caspian region and Central Asia, EU has to act in the form of the fourth power concert, with the South Caucasian states themselves.

Geopolitical approaches became fixated in European administrations because they outlined a practical rationale for skillful use of Europe's growing hard power. According to the concepts of Mackinder and Spykman, the Europe founded its world view. The 27 memberstates are ready to overtake responsibility for his more or less integrated neighbourhood, bringing the technological capability and the experience of previous world powers into consideration. The European Neighbourhood Policy, defined as a soft power instrument, was designed to bring stability, democracy and prosperity in the neighbourhood. As far as European power does not need to consider the distance in order to reach the region of energy ellipse, pipeline's projects promote Brussels interests across the world, but its limitations dictated restrictive utilization of exertion of economic investments. If the member countries of the European Union have the interest in stability, democracy and prosperity, so there have to be designed the global energy policy.

This paper study pointed out the importance of investment in the infrastructure and production site in cooperation with others. Brussels capabilities in the rationale for apply soft and hard power instruments in international affairs, testifying to their importance in any theory of foreign policy. Hard power is an essential factor in geopolitics because it is the forceful means to gain political goals. In crisis, the economic and military limitations are very important in understanding the decision, whether or not to save stability and how. To conclude, geopolitics essentially lead the logic that the European Union follows in using Soft and Hard power. The European member states have a consistent rationale for dealing with bringing stability and prosperity: since its acting of building pipeline across the Eurasian continent, it acts unilaterally only on the continental area.

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