Energy Diplomacy: International Models for Ukraine

Policy Paper
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The top energy challenges of this century include security of supply at affordable prices, good governance, and environmental sustainability. These challenges ultimately have international implications, and for national actors with unique interests, energy diplomacy thus becomes increasingly important.

For purposes of this document, energy diplomacy is defined as a strategy of bilateral or multilateral cooperation to maximize national energy interests through stable energy supply (for energy importing countries) and demand (for energy exporting countries). This also means a strategy of producing, consuming, and trading energy in a manner in line with a given country’s foreign policy goals. In recent years, the concept of energy diplomacy has been expanded to include international efforts toward global sustainability and combatting environmental concerns and climate change. Through international dialogue, energy diplomacy addresses each international actor’s national interests and its “trilemma” of energy security, sustainable economic development, and environmental protection.¹

Energy diplomacy policies primarily focus on energy security in the short and long term. Energy security in the short term refers to security of supply, or a country’s ability to procure fuels that satisfy its current energy mix. In the long term, energy security encompasses broader considerations about a country’s means of energy supply and demand, and how well they promote the country’s national interests and policy goals overall. As the energy landscape changes, and energy security becomes linked to a variety of factors such as political situations and environmental sustainability, cooperation on an international level becomes more important.

The goal of this document is to present the Ukrainian government with data needed to formulate an informed energy diplomacy policy. This includes examples of other countries’ experiences, potential for international cooperation and more detailed information gathering, and analysis of global energy tendencies by region.

The section below presents some examples of energy diplomacy policies used by the U.S. and countries in the E.U., as well as an assessment of the role of international organizations, treaties, and think tanks in shaping energy diplomacy. The document concludes with recommendations for the Ukrainian government in forming energy diplomacy strategies that are based on an understanding of the international system. Energy diplomacy compatible with this system can help Ukraine pursue its national interests and achieve legitimacy in the global energy sphere.

### RECOMMENDATIONS

The key takeaway from examining the international landscape and experience of key international players is the importance of developing a focused, unified national policy in order to proactively benefit from international partnerships. Recommendations for Ukraine include:

- Articulation of clear national interests and urgent and proactive pro-European policy-making;
- Demonstrated commitment to ongoing global efforts to develop clean and sustainable fuels to simultaneously increase energy security, decrease energy intensity, and address global climate change;
- Expertise in embassies and the creation of a centralized voice of Ukrainian energy diplomacy;
- Division of responsibilities and co-working between various government bodies and stakeholders;
- Targeted participation in international bodies.

¹ The term “trilemma” roots from the Energy Charter Treaty.
1. UNITED STATES ENERGY DIPLOMACY EXPERIENCE

Energy has long played an influential role in U.S. foreign policy, and America’s quest for resource security has dominated the country’s foreign affairs. In recent years, the United States government has focused on energy diplomacy as a means of securing the United States’ energy interests, along with promoting energy security for key allies and combatting climate change and energy poverty around the world. U.S. Senate Foreign Relations Committee Chairman Richard G. Lugar declared in 2006, “Unfortunately, U.S. dependence on fossil fuels and their growing scarcity worldwide have already created conditions that are threatening our security and prosperity and undermining international stability. In the absence of revolutionary changes in energy policy, we are risking multiple disasters for our country that will constrain living standards, undermine our foreign policy goals, and leave us highly vulnerable to the machinations of rogue states.”

As implied by this quote, U.S. energy diplomacy is primarily tied to national security and managing energy needs with foreign policy goals and global stability. In light of this, proactive policies have been made to address energy challenges. In the quest for energy independence, the main question Senator Lugar went on to ask the Foreign Relations Committee was: “How can we shape our energy future before it shapes us in disastrous ways?”

Energy Diplomacy as Policy

Energy diplomacy was first documented as a specific policy goal in the Energy Independence and Security Act of 2007. The law broadly addresses new initiatives to work towards energy independence such as increased energy efficiency in transportation, government facilities, and public buildings, along with research in usage of biofuels and other alternative energies. It includes the establishment of an International Clean Energy Foundation, which works as a government corporation to promote clean energy projects abroad, collaborates with countries on new technologies in clean energy, and promotes the use of American-made energy technologies.

The law also included a specific section titled “Energy Diplomacy and Security within the Department of State.” This section of the law presented three key objectives in the intersection of energy diplomacy and national security. First, the law stipulated the creation of a State Department Coordinator for Energy Affairs to represent the Department of State in government efforts to develop the external energy policy of the U.S. This was meant to ensure that the Department of State analyzes and reflects in their decision-making “the national security implications of global energy and environmental development,” and promotes coordination of the State Department with relevant government agencies on energy activities. Second, the law called for energy experts to be placed in key embassies, specifically those of highly consuming and producing countries, and countries with energy vulnerability. Thirdly, the law directed the Secretary of Energy to make arrangements with the Secretary of State to assign members of the Department of Energy to advise on energy issues in U.S. diplomatic missions. This part

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of the law requested a progress report on these objectives by the Department of State 180 days after the enactment of the law, and every two years thereafter.

Another section of the law also required that the President submit to Congress annually a “comprehensive report on the energy security of the U.S." This report addresses the interests and goals of the U.S. that are vital for the country’s energy security, the foreign policy commitments necessary to “deter political manipulation” of resources, the proposed short term and long term plans for ensuring the country’s energy security, and any other information the President considers important to convey to Congress on the subject of energy security.

This shift in focus onto external energy policy called for new key State Department personnel in the area of international energy. Secretary of State Condoleezza Rice thus directed Reuben Jeffrey, the Under-Secretary for Economic, Energy, and Agricultural Affairs to take on the duties of the Coordinator for International Energy Affairs. Other new roles also came into existence, such as Assistant Secretary for Economic, Energy, and Business Affairs; Special Advisor to the Secretary for Alternative Energy; and Coordinator for Eurasian Energy. Mr. C. Boyden Gray, then Special Envoy to the EU and European Affairs also took on the role of Special Envoy for Eurasian Energy to contribute targeted focus to this area.

In 2009, when Barack Obama took office and Hillary Clinton became Secretary of State, Richard L. Morningstar was appointed as the new Special Envoy for Eurasian Energy. At this time, the Coordinator for International Energy Affairs was also designated as a Special Envoy.\(^5\) David Goldwin served as Special Envoy and Coordinator for International Energy Affairs between 2009 and 2011. During his tenure, he introduced the Global Shale Gas Initiative and the Energy Governance Capacity Initiative.

The Global Shale Gas Initiative, which became the Unconventional Gas Technical Engagement Program in 2010, is a State Department program designed to help other nations develop their shale gas potential. The measure was intended to increase countries’ energy security by developing their own resources. However, the plan is controversial because of its connection to big energy companies and overestimated energy potential numbers.\(^6\) The Energy Governance Capacity is a State Department project in coordination with USAID to help countries with recently discovered resources create institutions and legal systems to sustainably and fairly develop them. This project has also encountered criticism for not addressing the environment and not explicitly promoting the development of clean and renewable sources.

**Bureau of Energy Resources**

In 2011, Secretary Clinton appointed Carlos Pascual, the former Ambassador to Ukraine, as the new Special Envoy and Coordinator for International Energy Affairs. Pascual’s first task in this position was creating the Bureau of Energy Resources, which subsumed the Office of the International Energy

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\(^4\) This report is published in both classified and unclassified forms.

\(^5\) Special Envoys are appointed by the President or Secretary of State to focus on a specific issue considered to require special, focused attention by the administration. The practice of using Special Envoys has expanded under the Obama Administration, which has appointed 25 special envoys focusing on varying issues.

Coordinator and the Special Envoy for Eurasian Energy. The Bureau was first detailed in the State Department’s 2010 Quadrennial Diplomacy and Development Review.

It is officially in charge of overseeing foreign policy in the “intersection of energy and national security,” promoting U.S. interests in ensuring transparent and accessible energy systems all over the world, working with international bodies, and conducting analysis on critical foreign policy issues dealing with energy. This was meant to capitalize on the State Department’s ability “to link U.S. international energy efforts with our broader international economic interests, our foreign policy imperatives and our development objectives.”

It is not a coincidence that the former Ambassador to Ukraine was appointed to lead this initiative, and Pascual told the New York Times in March 2014 that the team was hoping to channel the U.S. energy boom to “help Ukraine and other European countries break away from dependence on Russian gas by finding supplies elsewhere.”

The Bureau of Energy Resources is now led by Special Envoy and Coordinator for International Energy Affairs Amos Hochstein, who was appointed in August 2014. Officially, the Bureau is to be led by the Assistant Secretary for Energy Resources (as seen below in the organizational chart). However, this is an appointment that requires Senate confirmation which Hochstein has not yet received (Pascual never officially served in this role either). Therefore, Hochstein currently leads the Bureau in his current position as a Special Envoy. Ambassador Mary Warlick serves below him as the Principal Deputy Assistant Secretary.

The Bureau is made up of four directorates: Implementation and Coordination, Energy Governance and Access, Energy Diplomacy, and Energy Transformation. The Implementation and Coordination Directorate is in charge of the organization and direction of the Bureau. The Energy Governance and Access Directorate is in charge of the country’s membership in the International Energy Agency (IEA) and serves as the primary “conduit” for public diplomacy and public relations of the Bureau. This Directorate also focuses on promoting good governance and transparency in the global energy sector.

It was previously led by Robert Cekuta, who was appointed as the Ambassador to Azerbaijan last year.

The Energy Diplomacy Directorate, led by Robin Dunnigan, is responsible for policy recommendations in the advancement of global, multilateral, and bilateral engagement with energy producing and consuming countries as well as with developing and executing initiatives that promote fair energy markets.

Finally, the Energy Transformation Directorate develops U.S. foreign policy recommendations on the “promotion, advancement, and deployment of alternative fuels internationally” and participates in international initiatives in the clean energy space. This Directorate is led by Melanie Nakagawa. The Bureau has a total of 85 employees and a budget of over 4 million dollars a year.

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8 Ibid.
9 Ibid.
11 The State Department does not list his replacement at this time.
13 Budget for 2014: $4,384,000; 2015: $4,102,000; 2016: $4,195,000, according to http://www.state.gov/documents/organization/236393.pdf
The Bureau is also meant to oversee a deeper cooperation between government bodies in the area of international energy policies and is intended to work with the Department of Energy, the Department of Agriculture, and other relevant agencies “to enter into interagency agreements providing for a division of roles and responsibilities, and authorities in international agencies.” Since its development, the U.S. Department of Energy (DOE) has had in place an Office of International Affairs which has representatives across various embassies providing technical expertise while developing an understanding of global energy markets.

Although cooperating with other agencies such as the DOE and attempting to tackle issues separate from those addressed previously are both goals of the Bureau, some of its functions overlap with the DOE Office of International Affairs. This overlap and potential inefficiency may be addressed as the Bureau becomes more established, but could pose potential problems. However, the new Bureau does serve as the public face of the American energy diplomacy and addresses issues in need of specific attention by the Administration and the Department of State.

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14 U.S. Department of State, 2010 Quadrennial Review.
In addition to overseeing the creation of this Bureau with its Directorate dedicated to energy transformation to cleaner and sustainable fuels, on 25 June 2013 the Presidential Administration also introduced a comprehensive Climate Action Plan to deal with climate change. This plan comprises three pillars, one of which is leading international efforts to address climate change on a global scale. This includes “bilateral and multilateral (UNFCCC) climate processes,” “ending U.S. support for financing coal plants in developing countries” and “using sound science to manage climate impacts” along with various other measures. Serving as a world leader in addressing climate change and developing new sustainable technologies globally has been noted as a primary policy goal, and is unequivocally intertwined with the continued development of U.S. energy diplomacy policies.

National Interest Determination: Role of the State Department

Another notable aspect of the intersection of energy and foreign policy is the role of the State Department in issuing or denying presidential permits for the “construction, operation or maintenance of facilities for the exportation or importation of petroleum, petroleum products, coal or other fuels (except for natural gas16) at the borders of the U.S. and to issue/deny upon a national interest determination.” In other words, upon a request for an import or export facility, the State Department is in charge of creating a national interest determination of the project. The making of national interest determinations involves work with a variety of other government agencies (i.e. Department of Energy, Environmental Protection Agency, Department of Defense, Department of Commerce, etc.) along with direct dialogue with communities affected by the proposed project.

Case: Keystone XL Pipeline

In 2015, the proposal for the Keystone XL Pipeline to run from Canada to the Gulf of Mexico, a highly debated project, called for an official State Department National Interest Determination. Publicized by opposition groups and media as a particularly politicized project it became a symbolic win for environmental NGOs and activist when the pipeline was assessed by the State Department as not in the U.S.’s national interest.

The Department of State made this decision after concluding in the project’s National Interest Determination17 that the pipeline: “has a negligible impact on our energy security,” “would not lead to lower gas prices for American consumers,” “would have a marginal long term contribution to our economy,” “raises a range of concerns about the impact on local communities, water supplies, and cultural heritage sites,” and “would facilitate transportation into our country of a particularly dirty source of fuel.” The Determination was the result of cooperation among a variety of federal agencies and involved actors, and justified the decision to deny the permit. Overall, the national interest determination provides a way for the State Department to present the analyses of various government agencies and stakeholders to ultimately justify the decision to issue or deny cross border energy facilities.

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16 Natural Gas Permits are issued by the Federal Energy Regulatory Commission (FERC).
Based on the above examples of U.S. institutions and mechanisms overseeing the intersection of foreign and energy policies, energy diplomacy is a key priority of the American government. Much of this is related to external policies, like placing key experts in embassies and interacting with international institutions and initiatives through the State Department’s Bureau of International Resources. This includes efforts to leverage U.S. power and its new energy boom to ensure secure supplies for its allies.

In addition, in light of the urgent security problems caused by dependence on fossil fuels, the Energy Independence and Security Act, along with newly developing U.S. policies, strongly emphasize global leadership in developing alternative fuel technologies and promoting them abroad as well as developing energy efficiency mechanisms at home.

The State Department’s protocol of examining national interest is a way to understand the political realities of the country and how they relate to energy relationships with other countries. The National Interest Assessment is created by various departments of the government, but ultimately represents a united stance on national interests. These tools of energy diplomacy attempt to take a broad view of energy policy and address both national security and foreign interests by internal and external means.

2. EU ENERGY DIPLOMACY EXPERIENCE

Energy played a principle role in the EU’s creation, which was built on the foundation of the European Coal and Steel Community. In the past decade, solidarity of European energy policy has become ever more important, as the EU has faced critical challenges including several Russian gas cutoffs to Eastern and Central member states, low integration of energy markets across borders, and a new urgency to combat climate change and develop new and renewable sources. In 2004, new Eastern and Central member states joined the Union. These new members were more vulnerable and isolated than the rest of continental Europe, and as a result new energy goals emerged. These included goals to diversify energy sources, enhance domestic generation, and optimize consumption patterns.

The Lisbon Treaty, signed in 2007, was the first official treaty that legally introduced a coherent European Energy Policy. This was a major treaty that amended key EU legislation, intended to improve the coherence of the EU’s actions and increase its democratic legitimacy. In the treaty, it is documented that the EU is required to take action at a European level to “ensure the functioning of the energy market,” “ensure security of energy supply in the union,” “promote energy efficiency and energy saving and the development of new and renewable forms of energy,” and “promote the interconnection of energy networks.” According to the document “the spirit of solidarity will prevail” if one or more member states face a cut in supply.

This treaty came into force in 2009, at almost the same time as the Third Energy Package, which set out to liberalize the EU internal gas and electricity markets through unbundling of system operators and establishment of independent national regulatory authorities. This legislation brought about more

harmonized cross-border trade and network rules, greater effectiveness and coordination of energy regulators, and the enforcement of competition in the energy sector. This greater competition and integration left member states less vulnerable to price shocks and disruptions in supply.

After disruption of Russian gas supply in 2006 and 2009, the European Parliament and Council adopted the Security of Gas Supply Regulation in 2010.20 This created indicators to measure serious threats to gas supply and required EU countries to designate an authority to create preventive and emergency plans regarding gas shortages. The regulation set up a Gas Coordination Group to coordinate authorities and exchange information with industries.

In 2014, the Commission implemented a European Energy Security Strategy, which noted that “the EU needs... a hard headed strategy for energy security which promotes resilience to... shocks and disruptions to energy supplies in the short term and reduced dependency on particular fuels, energy suppliers, and routes in the long term.”21 In the short term, the plan sketched out improved preparedness for disruptions in supply, closer adherence of third country infrastructure projects to European internal market laws, and work with the Energy Community to promote security in the EU’s neighborhood. In the long term, the plan expressed the need for increased rates of energy integration, diversified supplies and routes, bigger steps towards a low carbon economy, and closer coordination of national policies. The plan was significant, but stronger legislation is continually needed to make solidarity and transparency concerning energy security legally enforceable.

In 2010, the EU released “Energy 2020: A strategy for Competitive, Sustainable, and Secure Energy.”22 This continued the theme of increased integration of European energy markets with set standards and targets for decreasing carbon emissions, increasing efficiency, and upping the share of renewable energy in the energy mix. It also prioritized “strong international partnership, notably with our neighbors” as a means of reaching common energy security goals.

In 2014, the European Council endorsed a new 2030 Climate and Energy Policy, which introduced newer, more ambitious goals for reducing emissions and increasing efficiency and renewable fuels.23 However, unlike the 2020 plan, these new targets were not enforced on the national level, but only at the EU level. After both these strategies were implemented, the EU still had not achieved a satisfactory level of energy security, competitiveness (energy prices were still much higher than in the U.S, for example), and climate and energy targets are still not ambitious enough to make a global impact.24

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Early in 2015, the EU built on the above initiatives and unveiled plans to create a more extensive plan for a unified Energy Union, presented and overseen by Maros Sefcovic, European Commission Vice President and implemented by Miguel Arias Canete, EU Commissioner for Climate Action and Energy. The European Commission adopted “A Framework Strategy for Resilient Energy Union with a Forward Looking Climate Change Policy” that presented an ambitious plan for an integrated and secure Energy Union.25

The goal of the Energy Union itself is to make European energy sector increasingly more cohesive, competitive, and efficient in order to maintain the Union’s energy security, promote sustainability and combat climate change. The top policy priorities of the Energy Union are stated as “supply security,” “an integrated internal energy market,” “energy efficiency,” “climate action,” and “research and innovation.” The plan includes a “Roadmap for the Energy Union” which lists concrete policy goals in lined with these priorities that are to be adopted legislatively between 2015 and 2018.26

In terms of “energy security, solidarity, and trust” the Energy Union strategy focuses on ensuring infrastructure key to EU energy security. This includes securing the Southern Gas Corridor to connect Europe with Caspian and Central Asian countries, and capitalizing on LNG opportunities as a means of diversifying supply and lowering gas prices. This subject also includes continued cooperation of neighboring states, and quicker and more reliable help to countries experiencing a supply crisis.

The goal of achieving a fully integrated internal market refers to full implementation of the Third Energy Package and increased levels of interconnection between all member states and partners. For example, a specific minimum interconnection target is set for electricity at 10% of installed electricity production capacity of the Member States, to be achieved by 2020.

The strategy also focuses on energy efficiency and presents goals and strategies in this area, presenting decreased demand as a reliable way to ensure increased security. Finally, the strategy’s focus on climate change goals introduces plans of changing the status quo. The communication asserts, “to reach our goal we have to move away from an economy driven by fossil fuels, an economy where energy is based on a centralized, supply-side approach... which relies on old technologies and outdated business models.” Therefore, the strategy states that in 2016-2017 the Commission will propose a Renewable Energy Package and provide legislation to ensure that the 2030 targets are met. Finally, increased focus for research innovation concludes the plan, as it requires the creation of a new Strategic Energy Technology (SET) program, and increased funding in this area.

The Energy Union also has plans for an increased role for ACER, the Agency for Cooperation of Energy Regulators. According to the Third Energy Package, each member state is required to have its own in-
dependent energy regulator to oversee and represent its respective energy sectors and ensure secure supplies for its consumers. ACER currently oversees these regulators, but has little decision-making power except of making recommendations and opinions. In the future of the Energy Union, ACER is to receive a stronger role and eventually acquire legal authority to carry out regulatory functions at European level. ACER will also be set up to shape the long-term transition to more sustainable fuels.\(^{27}\) This will enable ACER to “to effectively oversee the development of the internal energy market and the related market rules as well as to deal with all cross-border issues necessary to create a seamless internal market.”

Regarding the EU’s external energy policy, “challenges facing the EU—climate change, access to oil and gas, technology development, energy efficiency—are common to most countries and rely on international cooperation.” With this in mind, the Energy Union calls for a “stronger European role in global energy markets.” This refers to developing a stronger global stance in the energy sphere, demanding transparent and competitive relations and continued support for the Energy Community. This also includes eradicating energy poverty, and acting as a global leader in developing clean and sustainable energy all over the world.

According to the strategy, the European Commission will also gain a more substantial authority role, and countries will be required to inform the Commission of bilateral talks concerning potential energy deals from an early stage. The strategy also states that energy-related provisions should be included in trade agreements with its partners, and that the Commission will “pursue an active trade and investment agenda in the energy field.”

Other more specific external policy goals listed in the strategy include a “Memorandum of Understanding on an upgraded strategic partnership with Ukraine,” and “Trilateral Memorandum of Understanding on the Trans Caspian Pipelines with Azerbaijan and Turkmenistan,” and the strengthening of “Euromed cooperation on gas, electricity and renewables.” Also included was continued and strengthened cooperation with the Energy Community and partnerships with “increasingly important producing and transit countries or regions” such as such as Algeria and Turkey; Azerbaijan and Turkmenistan; the Middle East; Africa and other potential suppliers.”

As Georg Zachmann of Brussels-based Bruegel think tank writes, the Energy Union is a “fundamental reorientation of EU energy policy.”\(^{28}\) This large change is bound to cause challenges, and be dependent on political will inside individual member states. In recent years, the EU has seen a renationalization of energy and climate change policy. Investment decisions have been driven by national considerations (grid expansions and promotion of renewables), or national markets (capacity markets).\(^{29}\)

Different actors have different answers to the energy security issue. For example, Nord Stream 2 is viewed as an opportunity to some and a threat to others (discussed further in Lithuania case study). In some Western European countries, clean energy is the creator of jobs and an easy way to gain more

\(^{27}\) Georg Zachmann, “The European Energy Union: Slogan or an Important Step toward Integration.”

\(^{28}\) Ibid.

\(^{29}\) Ibid.
security. In other member countries like Poland, a healthy coal sector is integral to the functioning of the economy. New efforts towards sustainability present long term questions of how a transformed energy sector will be run and regulated. A big challenge will be to maintain a minimum degree of competitiveness in energy-intensive sectors, while at the same time maximizing future opportunities in new technologies. The Energy Union plan requires strong consensus among members to achieve goals and to approach key challenges.

**Energy and Climate Diplomacy Action Plans: Part of the Energy Union**

Also referenced in the Energy Union strategy are plans to revitalize the EU's specific energy and climate diplomacy policies. In July 2015, the EU Foreign Council adopted the “Energy Diplomacy Action Plan”, a policy plan intended to consolidate the internal and external energy policies of the Energy Union.\(^3\) The Council’s plan stated the importance of “strategic policy guidance” through regular engagement of the Foreign Affairs Council in energy policy and coordinated work with the Energy Council and other relevant EU bodies.

The plan also emphasized energy cooperation and dialogue with the rest of the world on a bilateral and multilateral basis through platforms that already exist, like International Energy Agency and the United Nations. This also includes cooperating with a variety of actors and stakeholders including international energy organizations, think tanks, academia, the energy industry and international financial organizations.

To diversify energy sources, “diplomatic support should focus on the Southern Gas Corridor, the Southern Caucasus and Central Asia; the strategic potential of the Eastern Mediterranean region; the Euro-Mediterranean energy cooperation in the Southern Neighbourhood; the wider Middle East region; new energy sources in the Americas, Africa and Australia, including the potential of Liquefied Natural Gas (LNG).”

The document also stressed the importance of strengthening existing multilateral treaties and agreements, and giving priority to international partners and initiatives that promote diversification and sustainability of energy supplies. Foreign policy efforts should be made to create business opportunities with third countries in new energy technologies. This includes leadership in sustainable education and technology, and the “export of energy technology and know how.”

The energy diplomacy plan explicitly aligns policies with the EU’s **climate diplomacy** policy, which was adopted by the council at the same time. The EU’s Climate Diplomacy Action Plan names climate as a top strategic priority for the Commission and stresses “a policy of leadership in the area of climate diplomacy.” The action plan demands “strategic engagement” with “key multilateral initiatives” in this arena. This includes initiatives created by the UN, the International Energy Agency, IRENA, and the Energy Charter Treaty. Highlighting this priority is important because it acknowledges that the EU’s interest lies not only in acquiring energy to fulfill short term supply but to act as a global leader in developing sustainable and efficient policies and technologies to ensure security in the long term.

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The EU is engaged in various stages of energy cooperation with non-member partners. Aside from new memoranda with Ukraine and the Caspian region listed in the Energy Union plan (mentioned above), the Energy Diplomacy Action Plan specifies that, “Relevant financial resources and instruments such as the European Neighbourhood Instrument, the Instrument for Pre-accession Assistance, the Partnership Instrument and the Development Cooperation Instrument/Global Public Goods and Challenges could be utilised to support energy dialogues and diplomatic initiatives on a case by case basis.”

According to the plan, the energy relationship with Russia should be “reframed” if “conditions permit” on a “fair playing field... for the mutual benefit of both sides.” Enhancement of mutually beneficial energy cooperation and dialogue is good for the EU, as it can result in greater transparency, along with gradual integration into the EU’s legal frameworks and internal market (as is the case with the Energy Community).

Both the Energy Union and the Energy Diplomacy Action Plan mentioned the importance of strengthening the Energy Community as a means of ensuring security and promoting investment and sustainability. The Community was created in 2005 as a treaty-based organization intended to extend the benefits of Europe’s internal energy market to its neighbors in Eastern and Southern Europe. In order to implement the treaty, contracting parties must implement relevant EU energy acquis, including the Third Energy Package.

The Energy Community is meant to be a win-win, providing the EU with more transparency and secure supplies and lower prices, and helping neighbor states to reform their energy sectors and adhere to European standards of market liberalization, transparency, and competition, thus attracting investment and ensuring their own energy security. The Energy Community also provides a platform for dialogue and education through forums that all parties participate in, or advice on how to implement key reforms. This type of focused cooperation is a means of facilitating the implementation of policies and key legislation needed to achieve mutual goals. The framework is often incentivized when connected to EU monetary support and continued cooperation. As the Energy Union framework and corresponding energy diplomacy plan is discussed and implemented, cooperation with the Energy Community becomes ever more important.

Energy Union Progress

In November 2015, the EU Commission released the “State of the Energy Union” and an updated roadmap, which listed the progress made since the Union was set out. Some initiatives have been implemented in 2015, such as the interconnection target, the adoption of a new “Energy Labeling Program,” and the signing of a new Energy Charter Treaty in May 2015. As mentioned above, both Energy Diplomacy and Climate Diplomacy plans were adopted. The first energy infrastructure forum was also held in 2015. Funding for research and innovation is planned to continually increase, and hundreds of billions EUR are currently being used to fund the research and development of renewables.
and efficiency measures. An indicative roadmap “Energy Union Integrated Strategy on Research, Innovation, and Competitiveness” was also recently released, integrating past initiatives in this area and stressing the importance of research and innovation for the EU’s competitiveness. Also on the updated roadmap, certain legislative measures such as directives and regulations in renewables, efficiency, and security were listed as planned for 2016.

On February 16, 2016, the Energy Security Package, the first proposed legislative action after the adoption of the Energy Union Strategy, was presented by the Commission. Energy security has been referred to as “the backbone of the Energy Union” and the package includes four parts: “Security of Gas Supply Regulation,” “A Decision on Intergovernmental Agreements in Energy,” “LNG and Gas Storage Strategy,” and “Heating and Cooling Strategy.”

The Security of Gas Supply Regulation included a solidarity principle stating that at last resort, neighboring member states will help those affected by an energy crisis through bidirectional pipelines. This part, the most extensive in the package, included several other key principles. There is a stated shift from national to regional approaches in energy, particularly in assessing common risks and resources, and creating preventative action plans. Under the proposed package, Energy Community members will be more involved in efforts to prevent and manage gas crises, and contracts relevant to security of supply will be transparent and available to the Commission from their existence.

In the package’s part on Intergovernmental Agreements (IGA) in Energy, member states will be forced to inform the Commission of any IGAs they plan to enter, and when entered the IGAs must be shared with Commission and in line with EU law. The part on LNG highlights the EU’s need to build necessary EU infrastructure and work with international partners to allow all members direct or indirect access to LNG. This is to ensure the transition of LNG as a good traded freely on global markets.

Finally, the package’s part on Heating and Cooling includes plans to make efficient building renovation easier by promoting energy efficiency models in public buildings and facilitating cooperation and participation of consumers and industry. This also includes increasing renewables in the heating/cooling mix and reusing energy waste from industry.

The Energy Security Package was the first concrete legislative proposal to come out of the Energy Union strategy, and needs to be adopted by the European Parliament and the European Council to be legally enforceable. This package will likely be debated heavily, as different countries have varying interests when it comes to energy security. In terms of external energy policy, the proposed package takes big steps in presenting methods of greater transparency, and consideration of regional and all-Union interests concerning IGAs, rather than only those of individual states. Cooperation with neighbors and contracting parties of the Energy Community would also be heightened and entrenched in EU law. The package presents a new plan for external energy policy in an effort to achieve EU goals of supply security, competition, and efficiency.

Lithuania used leverage as a new EU member to take the lead on action against energy monopolization in the EU by Russian suppliers. Since independence, Lithuania’s energy policy has been characterized by a decreased energy dependence on Russia with a focus on promoting national interests, crafting of effective domestic policies, and weeding out of post-Soviet corruption.

Lithuania was the first EU country to carry out full ownership unbundling, or the most radical of the Third Energy Package’s requirements for unbundling its gas system. This process began in 2009 and was completed in 2014. This meant that the country separated the gas supply company from the control of gas transmission and infrastructure, forcing Gazprom to give up control over Lithuania’s pipeline system. In response, Gazprom jacked up Lithuania’s gas prices to $540 per tcm, the highest rate in Europe. On January 2011, Lithuania lodged a formal complaint against Gazprom. This eventually led to a broader EU investigation and an anti-trust case brought by the EU’s Directorate General of Competition in September 2012.

Also, Lithuania has adopted other key laws, treaties, and initiatives to ensure its national interests and legitimize itself as an international player. Along with groundbreaking movement in implementing the Third Energy Package, Lithuania signed the Baltic Energy Market Interconnection Plan and the Declaration on Energy Security and Supply with other Baltic Countries.

In December 2015, the LitPol Link, a 1000 MW electricity link between the Baltic transmission system through Lithuania and the synchronous grid of continental Europe through Poland, began operation. This strategic link connects Lithuania and other Baltic States to the electricity grid of continental Europe, which ensures electricity security and contributes to the full integration of electricity markets across Europe.

In autumn of 2014, Lithuania LNG Import Terminal (FSRU Independence) began operation, providing Lithuania an alternative to Russian gas supply. This, in turn, led to increased energy security and fair and competitive market prices while allowing Lithuania and other Baltic countries access to new energy sources. Lithuania is already importing LNG from Norway, and is discussing the potential of supplies from other countries like the U.S.

In addition, a Gas Interconnection Poland-Lithuania is expected to begin functioning in 2019, connecting Lithuania and the Baltic States to European gas markets. These agreements and initiatives are cooperative movements towards integrated and competitive market functioning.
In the Baltic region, leading to greater energy security for its citizens, and stronger diplomatic leverage vis-à-vis Russia.

In 2011, the Lithuanian Ministry of Foreign Affairs created the Energy Security Centre. The main function of this centre is to work with the ministries of defense, energy, science and education, and other state agencies and institutions in the implementation of state policy on energy security and international cooperation. From its creation, the centre sought closer cooperation with NATO and in 2012, it was accredited as the NATO Energy Security Center of Excellence. The center focuses on “analysis of threats to energy security” and assisting “Strategic Commands, other NATO bodies, nations, partners, and other civil and military bodies... by providing comprehensive and timely subject matter expertise on all aspects of energy security.” In addition to this, Ambassador Kestutis Kudzmanas serves as the Ambassador-at-Large, Energy Security Policy and Transport Strategy. Kudzmanas represents the Lithuanian government and its interests internationally in issues related to energy security.

Also, back in 2011, Lithuania passed the Law on Energy from Renewable Sources with the goal of achieving greater energy security. The law sets mandatory renewable energy targets to be achieved before 2020. Lithuania has already made great strides in renewable energy. According to Eurostat, in 2014, renewable sources made up 23.9 percent of the country’s gross final energy consumption, up from around 17 percent when it joined the EU and from 20 percent when this law was enacted.

These actions are by no means “solve-all” policies, but Lithuania has proved itself a model of energy evolution in the post-Soviet space and an example of pushing back against the Kremlin controlled status-quo through unified national policies focused on efficiency, regional cooperation, domestic production, market reform and competition. It can be said that these are diplomatic, external strategies, based on unified, internal national interests.

In conclusion, the concept of internal interests, in this case Energy Union interests, is key in formulating external energy policies. The EU is developing plans that look to the future of global energy, focusing on security in the short term and investing heavily on innovation and sustainability for the long term.

The Energy Union strategy is an effort to account for unified member interests and present a plan that will benefit all. The strategy attempts to integrate and coordinate the interests of all member states, in order to speak with one voice externally. Countries within the EU (like energy insecure Eastern and Central members) can attempt to use this structure to lobby for their own interests.

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In the case of energy in the EU, it is understood that national interests cannot be achieved without cooperating with other countries and entities. This is why the Energy Union is attempting to form policies that create and pursue a cohesive, European energy system that can cooperate with other countries and global entities. The EU Energy Diplomacy Action Plan, the policies of its Energy Union, and various external EU treaties all attempt to take steps towards effective both internal and international cooperation to tackle global challenges like energy security and climate change.

While seeing some success in Lithuania’s example, unifying EU energy policies has proved difficult. For example, the Eastern European and Baltic members of the EU vehemently oppose Gazprom’s construction of the Nord Stream 2 pipeline, as it compromises the energy security and overall economy of these countries. In November 2015, a group of these countries wrote a joint letter to the European Commission VP Maros Sefcovic to protest the project.

For the EU, though united energy diplomacy is a stated priority, internal national policies can often interfere with external EU-wide ones. The Nord Stream 2 situation will be a test of whether integrated EU energy policies will trump the commercial interests of individual member states.

3. INTERNATIONAL ENERGY ORGANIZATIONS AND TREATIES

Institutions, treaties, and organizations play an integral role in energy diplomacy. In many cases institutions set the rules of the game by which international actors play, help reduce transaction costs and determine incentives for competition and quality (Energy Charter Treaty, WTO). In other cases, organizations establish standards for transparency (EITI), coordinate international action against climate change (UNFCC), or institutionalize cooperation on clean energy (IRENA). Other institutions were created to protect producing countries (OPEC), or correct market failures (IEA).

Both energy producing and consuming countries have an interest in efforts for international dialogue and cooperation, transparency, and sustainability. Since the topics of energy security and sustainability have become increasingly important and urgent, international dialogue, transparency, and adherence to global standards have the potential to be beneficial for producers and consumers alike.

Relevant international organizations and treaties include:

- **Energy Community**: The Energy Community is a treaty-based organization of EU member countries and Eastern and Southern European countries, intended to extend the EU internal energy market to its closest neighbors. The community requires aspiring members to complete a series of reforms to prove strong market liberalization, efficiency, and other factors. The treaty is vital for EU neighbors because it shows the potential to adopt EU-compliant legislation and provide benefits for energy sectors and economies overall. Ukraine is a Contracting Party.

- **EITI (Energy Industry Transparency Initiative)**: EITI sets “a global standard to promote open and accountable management of resources.” The point of an EITI report is to disclose information about how much companies pay the government for extraction of resources, and how much the govern-
ment gets from them. This encourages transparency, fair competition, and accountability. Ukraine is a Candidate Country.

- **Energy Charter Treaty:** The Energy Charter Treaty began with the bold intention of integrating Western and Eastern European energy markets, and was signed in 1991. The treaty is intended to facilitate cooperation to ensure energy security and market competition while preserving national sovereignty. The treaty was recently modernized and broadened in 2015 to include 72 countries plus the EU. However, it is not legally binding and has been criticized for not having concrete enough effects on the energy landscape. Ukraine is a member.

- **United Nations Framework Convention on Climate Change:** The UN Convention on Climate Change is the main global forum for international climate negotiations. At the December 2015 United Nations Climate Conference Paris, 195 nations participating agreed to the final pact “The Paris Agreement.” The meeting was highly publicized and seen as extremely urgent, but the agreement itself has been criticized for being too vague and lacking means of enforcement. However, global action toward climate change has recently become a higher priority, and the agreement has the potential to set the framework for further action. This is important as combatting climate change and developing new technologies for sustainable energy is a main component of energy diplomacy policies of global leaders. This will inevitably become more relevant as the issue becomes even more urgent. Ukraine is a signatory nation.

- **IAEA (International Atomic Energy Agency):** Created in 1957, the IAEA is the world’s center for cooperation in the nuclear energy field. The Agency is established independently through its own international treaty, but it operates within the United Nations Framework and reports to the UN Security Council. The goal of the agency is to “promote safe, secure, and peaceful energy technologies.” The agency has worked on ensuring the safety standards of nuclear power, specifically after nuclear disasters, and monitoring the disarmament of nuclear armed governments or groups. The group has come under some criticism for not taking enough concrete action to ensure nuclear safety, specifically after the Chornobyl disaster and before and after the Fukushima plant explosion. Ukraine is a member.

- **IEA (International Energy Agency):** The IEA was created in the OECD framework in the wake of the 1973 oil crisis. Industrialized countries used this organization to create a solution to the crisis and ensure continued supplies of energy. The IEA has four main areas of focus: “energy security, economic development, environmental awareness and engagement worldwide.” The IEA plays an influential role in the energy economy by acting as a governance structure and providing transparent access to extensive and professional data and reporting. Though the IEA only extends membership to OECD members, it has been able to work effectively with non-member countries and intergovernmental organizations through information sharing and consulting. Ukraine is a participant in the IEA Technology Collaboration Programmes and cooperates with the IEA on other projects.

- **IRENA (International Renewable Energy Agency):** The point of IRENA is to encourage the adoption of renewable energy and efficiency as a means of sustainability. The organization attempts to bring
to the foreground the “vast opportunities offered by renewable energy for addressing and gradually alleviating the problems of energy security and volatile energy prices.” This organization has gained more relevance as alternative energy becomes a bigger priority on the global agenda, and has worked collaboratively with other organizations like the IEA and the UN. Ukraine is not a member but as of early 2016, has began the statute accession progress.

• **NATO (North Atlantic Treaty Organization):** NATO, created in 1949, is an intergovernmental military alliance. Although not officially an energy related organization, NATO consults on energy security, supports the protection of key energy infrastructure, and promotes energy efficiency in the military. In 2012, NATO created an Energy Security Center of Excellence in Vilnius, Lithuania in response to urgent energy security developments in Lithuania and other member states. Ukraine is a member of NATO’s Partnership for Peace Program and has expressed interest in full NATO membership. Since independence, Ukraine has cooperated closely with the organization and in the wake of the Ukraine-Russia crisis, cooperation “has been intensified in critical areas.”

• **World Bank:** The World Bank is engaged in the global energy sector by supporting countries’ efforts to secure affordable and sustainable energy and to bring an end to energy poverty worldwide. The World Bank co-leads the UN Sustainable Energy For All (SE4All) initiative which aims to double the share of renewable energy in the global energy mix and double the improvement rate of efficiency by 2020. Ukraine has received various energy-related loans from the World Bank, including a loan to support government efforts to improve energy efficiency in the industrial and commercial sectors.45

• **International Monetary Fund (IMF):** The IMF is involved in fiscal methods of promoting sustainable energy by finding the balance between environmental benefits and economic costs. The IMF has worked extensively on fiscal reform and works with countries to remove energy subsidies to reap extensive fiscal, environmental, and welfare gains. In Ukraine, tranches of IMF aid depend on the removal of energy subsidies before 2018, among other requirements.

• **GECF (Gas Exporting Countries Forum):** The GECF was formed in 2001 and includes the world’s biggest gas producers. The organization promotes dialogue, but unlike OPEC, has limited effect on pricing and the world economy. Ukraine is not a member.

• **OPEC (Organization of Petroleum Exporting Countries):** OPEC was created in 1960 with the purpose of securing income for oil producing countries. The creation of this cartel marked a turning point leading to increased nationalization of oil companies in producing countries and brought about an increase in energy prices and a reordering of the world economy. Ukraine is not a member.

• **OECD (Organisation for Economic Co-operation and Development)** The OECD, founded in 1961, is an international economic organization of 34 countries that are committed to democracy and a free market economy. The organization provides a platform for harmonizing domestic and foreign policies and sharing policy experience. The OECD created the International Energy Agency in 1973 to ensure stable energy supplies and prices. Ukraine is not a member.

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International organizations and treaties are means of creating dialogue, fair market standards, mutual security, and transparency in the international energy sphere. Many of these were created to address identified problems and international cooperation has proved to be generally helpful in maintaining order and promoting progress in the global energy sector.

As energy sources become scarce, politically compromised, and environmentally harmful, international cooperation is a means to solve these challenges while ensuring the interests of those involved. The expansion and necessary reform of international organizations and treaties to address the needs of all global actors is seen as in the global interest overall.

4. THINK TANKS

Think tanks play a unique role in energy diplomacy. Broadly speaking, think tanks are institutions of policy analysis, information exchange and discourse setting. Sharing of information and policy recommendations across borders can be achieved through networks. In diplomacy, think tanks can be useful in analyzing national interests and comparing them with international realities and opportunities. In a reforming energy sector like Ukraine’s one, think tanks and an active civil society are beneficial for the main purpose of providing independent analysis of national interests as well as for cooperating with international organizations and pressing the government to meet international standards and agreements.

Across the globe, policy-relevant data gathering and its analysis is often funded by governments. For example, the International Energy Agency (IEA) is funded by its member states and regularly publishes energy data and reports on countries’ energy sectors and various relevant energy topics in the international sphere. In the U.S., the Department of Energy operates the government-funded Energy Information Administration that provides data and analysis on the energy sphere. It was created in the aftermath of the oil market disruption of 1973 to provide information on energy markets with key data analysis. 46 The U.S. government funds the Congressional Research Service, which works under the umbrella of the Library of Congress to inform members of the Congress and aid in policy making. The Library of Congress also has its own research and analysis unit called the Federal Research Division which provides custom research services to government agencies and external contractors on a cost recovery basis.

The government also outsources analysis and information training and contracts with think tanks like the RAND Corporation and the Center for Strategic and International Studies (CSIS). The RAND Corporation receives over 50% of its $269.7 million budget from the U.S. government, providing resources for lawmakers and briefings for Congress. CSIS gets around 15% of its $31 million budget from direct government contracts or grants and provides policy training for government officials and other policy advice.

In Germany, SWP (German Institute for International and Security Affairs) is primarily funded by the German government. The government also heavily funds the German Research Foundation which

46 The EIA has 370 employees and in 2015 and 2014, the EIA’s budget was $117 million according to https://www.eia.gov/about/mission_overview.cfm
supports research by various groups in key policy areas. Brussels-based Bruegel think tank receives around 2 of its 5 million euro revenue from national government subscriptions to its content, and around 1 million from corporate subscribers.47

In the U.S. think tank analysts often testify before Congress on topics relevant to their research. For example, when the Foreign Relations Committee first discussed energy diplomacy and security and developed policies that would lead to the Energy Independence and Security Act of 2007 (mentioned above), Jason S. Grumet from the think tank then-named “National Commission on Energy Policy”48 testified before the Committee to share the results of its report titled “Ending the Energy Stalemate: A Bipartisan Strategy to Meet America’s Energy Challenges.”49 Members of Congress also use think tanks as platforms for discussion of new policy initiatives within the government. For example, Richard J. Lugar, who first introduced an energy diplomacy strategy that would later be included in the Energy Independence and Security Act of 2007, spoke on the topic at the Brookings Institution in 2006.50

As shown by the above examples, think tanks can play a big role in policymaking and agenda setting domestically, being often funded by government contracts or grants, and/or being directly involved in policymaking. In terms of the international sphere, think tanks can also play an important role in bringing together experts and stakeholders to discuss topics in global energy policy and create international agendas for research in this arena.

For example, in November 2015, the Atlantic Council, an influential American policy think tank with a Global Energy Center dedicated to energy issues, hosted the Energy and Economy summit in Istanbul, Turkey. This event brought together experts and stakeholders from all over the world to discuss global energy issues. The Institute of Energy Economics in Japan also frequently hosts global forums and seminars to bring together global energy sector stakeholders.

Since issues of energy policy and security have become more prevalent and urgent in recent years, many think tanks have devoted large resources to studying this arena. Western think tanks like the Center for Strategic Relations, Chatham House, and the Carnegie Endowment for International Peace have all developed programs specifically targeted for the study of energy and/or climate. These groups actively provide spaces for research and discussion of key topics in the global energy sphere.

Prominent universities have developed research centers on energy issues as well, integrating academic research with concrete policy goals. Columbia University’s Center on Global Energy Policy is an example of such an institution with a high quality reputation and influence. Carlos Pascual, former Special Envoy and Coordinator for International Energy Affairs, recently joined as a fellow there. As energy security, sustainability, and climate change become more and more urgent and relevant topics across the globe, academic institutions dedicate money and resources to solving energy challenges.

48 In 2007, this group merged to create the think tank “Bipartisan Policy Center.”
The “Global Go To Think Tank Ratings” are produced through an extensive judging process by the Think Tanks and Civil Societies Program at the University of Pennsylvania. The program evaluates and ranks think tanks based on criteria that include the quality and reputation of the staff, the impact on and reputation with policy-makers and their commitment to independent research and analysis. Listed in the 2015 top ten in the Energy and Resource category rankings were: Institute of Energy Economics (Japan), The James A. Baker III Institute for Public Policy (U.S.), World Resources Institute (U.S.), Oxford Institute for International Studies (UK), Center for Science, Environment, Resources, and Energy (Japan), Energy and Resource Institute (India), Center for Energy and Environmental Policy Research (U.S.), Energy Studies Institute (Singapore), Center for Strategic and International Studies (U.S.), and Korea Energy Economics Institute (Republic of Korea).

Think tanks can sometimes be the subject of controversy, often arising when a think tank is heavily funded by one or few sources. High funding from corporations can result in blurred lines between think tank duties and lobbying. In the U.S., a recent debate has arisen about think tanks that receive their funding from national governments, and the influence this has on their work. In addition, corporate funding for think tanks is often non-transparent and donated through hard-to-trace foundations. In the U.S. investigations have been made about corporate funding of think tanks, and other policy organizations, particularly those who participate in climate change denial.

In recent years, funding for think tanks has gone down overall, making the need for funding more competitive and possibly resulting in a reluctance for think tanks to go against the views of their donors. The accepted key to independence is to transparently display a diverse set of donors and not be controlled by one or a few donors’ interests. Non-transparent donations and subordination to donors’ interest can hurt a think tank’s credibility and influence.

Overall, think tanks shape policy by providing varied, diverse information and analysis on key issues. International energy policy is complicated and influenced by a variety of factors. The stronger and more diverse the international think tank network is, the better chance governments have to make educated decisions. An active, independent think tank network is beneficial for all global decision makers seeking to meet their own national interests while cooperating with other actors. Think tanks also provide important bridges between governments, the global public, civil society and academia. By revealing information, data, and analysis, think tanks (along with data producing organizations like the IEA) can make energy diplomacy policies more effective and inclusive.

The key takeaway from examining the international landscape and experience of key international players is the importance of developing a focused, unified national policy in order to proactively benefit from international partnerships. A unified national policy comes from cooperation between various parts of government, engagement of the public, and an active think tank and civil society network. Energy diplomacy strategies are formed when energy policies are put in line with foreign policy goals and attempts are made to adhere to global standards and proactively cooperate on an international scale.

Based on international experience and an examination of international institutions, below are recommendations for strengthening Ukraine’s energy diplomacy:

1) **Articulation of clear national interests and urgent and proactive pro-European policy-making**: Ukraine has to evaluate its energy policy in light of long-term national interests. This means meeting long-term goals of providing energy in an efficient and affordable way to all its citizens and industries. Like Lithuania, Ukraine should take strategic steps to meet concrete national goals. Movement toward transparency, competitiveness, and market stability of the energy sector is urgent as this makes Ukraine a more trustworthy international partner and affords more legitimacy on the international stage. This also means taking measures to create a better business climate to encourage foreign and domestic investment in developing Ukraine’s own internal energy potential.

The importance of making concerted, immediate reforms to meet European standards in the energy sector cannot be overstated. As explained above, the EU’s plans to diversify gas and electricity supplies, reduce gas dependence on Russia, increase energy efficiency and develop alternative fuels are policies that are also in Ukraine’s own interest. On the other hand, reforming Ukraine’s energy sector is also in the interest of the EU and its own energy security and policy goals. Ukraine should make every effort to integrate itself into the European energy system to meet these mutual goals. This means adopting European standards in line with the Energy Community, including the Third Energy Package requirements, as soon as possible.

2) **Demonstrated commitment to ongoing global efforts to develop clean and sustainable fuels to simultaneously increase energy security, decrease energy intensity, and address global climate change**: Energy security does not only refer to secure short-term supplies at a low cost, but long-term efforts toward energy efficiency and sustainability. As documented in this report, the U.S. and the EU have developed long-term plans and goals in clean energy and energy efficiency to assure their own security. As the EU’s plan for an Energy Union specifically embraces change, Ukraine shouldn’t shy away from it either.

For Ukraine, accepting changes in the energy landscape and focusing on efficiency will uncover a potential for deeper, positive international cooperation and opportunities for the use and development of internally produced and sustainable energy sources. As proven again and again, heavy dependence on fossil fuels creates conditions for large price shocks and vulnerability.
This is detrimental to consumers and businesses and the overall security of the country. A shift to cleaner fuels would reduce Ukraine’s reliance on vulnerable imports of fossil fuels, ensuring greater energy security in the long term.

Some may argue that in terms of contributing to climate change, Ukraine is low on the list of emitters of greenhouse gases. However, Ukraine is one of the most energy intense countries in the world, and its energy intensity\textsuperscript{57} is nearly ten times more the OECD average.\textsuperscript{58} The potential for economic and efficiency gains are huge. Efforts towards sustainability should be a priority for Ukraine, and cooperation with other countries is needed to meet existing mutual goals in this area.

3) **Expertise in embassies and creation of a centralized voice of Ukrainian energy diplomacy:** The Ministry of Foreign Affairs should play a more active role in external energy policy, and the Ministry of Energy should work with it to provide expertise in Ukrainian embassies in key regions with important energy potential. This can mean permanent employees assigned to specific embassies, or simply more advanced information sharing between government bodies on energy goals in key areas of the world.

In addition to this, Ukraine could benefit from the creation of a centralized high-level coordinator for energy diplomacy. This coordinator would oversee policies at the intersection of energy, foreign policy, and security, and work with government agencies relevant to these topics. He would also represent Ukraine in international organizations, agreements, and forums dealing with energy.

4) **Division of responsibilities and co-working between various government bodies and stakeholders:** Creating a unified national interest requires government bodies, business associations, CSOs, and the public to work together. Government bodies should work closely to establish an effective energy diplomacy plan. The government should use energy data to perform risk assessments and strategic analysis in this area, creating a well-formulated, well-enforced plan that considers long-term interests of the Ukrainian public. In Ukraine, a robust sphere of diversely funded think tanks and civil society organizations is important, as they act as a liaison between the government, the public, and academia and their analysis is important and useful as well.

5) **Targeted participation in international bodies:** After the formulation of focused, unified national interests, international organizations and initiatives can be used as tools for completing Ukraine’s goals. Since many international financial institutions are heavily involved in Ukraine’s reform process, now is the time to create unified national policies in collaboration with these organizations. This can be followed up with growing international cooperation, leading to the emergence of Ukraine as a trusted global partner.

\textsuperscript{57} i.e. the ratio of Total Primary Energy Supply (TPES) to Gross Domestic Product (GDP)

Successful Ukrainian energy reform and security is intertwined with its partnerships with various international organizations. Adhering to global principles and standards can aid Ukraine to develop the massive potential of its energy sector. In a positive step, Ukraine has completed its first EITI report, which was the result of international cooperation and will serve as a foundation for a more transparent energy sector in line with global standards. Continued cooperation on an international level will be necessary to achieve greater energy security and to develop efficient and sustainable energy for Ukrainian consumers.