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UNDERSTANDING ENERGY POLITICS: FROM GEOPOLITICS TO MARKET EXPLANATIONS

Abstract:

Energy politics is very often analyzed as a fundamentally geopolitical scramble. Accordingly, the states are viewed as the main actors in the energy field; their motives as essentially political; and the outcomes of their decisions and actions as pivotal to the overall geopolitical reordering of the world. While there is definitely some truth in these patterns of analysis, it is hard to sideline both other actors, such as energy corporations and institutions with a clear economic mindset, as well as motives of profitability and parameters of competitiveness. This paper aims to demonstrate that since the outbreak of the global financial crisis, it is essentially market parameters that discipline state actors and render the geopolitically-centered analyses problematic and inadequate. To the contrary, the finalization of the single EU energy market, the shale gas revolution, the globalization of LNG markets, and the interests of rising economic actors within Russia frame increasingly the gas field in Eurasia. The evolution of the gas field is hence determined to a significant extent by economic(-minded) actors, and on the basis of motives of profitability and parameters of competitiveness. Geopolitical aspirations and perspectives should be integral in the analysis, but kept at bay so that rather frequent exaggerations are avoided.

Keywords:

Russia, EU, supply and demand, LNG, shale gas, competitiveness

JEL Classification: Q40, Q41, Q48