COMMUNICATION, NEGOTIATION AND COOPERATION IN THE ENERGY CRISIS

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Abstract

The present paper deals with the energy sector in connection to the events which took place during the previous year: "Communication deficits / negotiation / cooperation as a source of conflict in the contemporary world."In Romanian it is said that a wise individual builds himself a sledge during summer and a cart during winter. Unfortunately, the energy crisis of this winter has surprised the whole of Europe without a sledge. It is more effective to save when we have what to save and wiser that, anticipating to build in times of peace and prosperity, to withstand the times of crisis.But reality sometimes takes us by surprise, and the three vectors of the present theme, communication, negotiation and cooperation, have recorded serious issues in the energy sphere, especially in the previous year.

Keywords: *communication, negotiation, cooperation, energy crisis.*

1. PREMISES

Considered a basic necessity of human existence, energy is not a luxury product. As such, its demand shows less elasticity to supply and conjunctural factors. Food is cooked with energy consumption, and heating also involves energy consumption. The energy-food binomial proved essential again when, following the Russian invasion of Ukraine, the dwindling supply of methane gas disrupted fertilizer production, causing shortages in agriculture and in the food supply chain.

Europe is facing an unprecedented energy crisis caused by this sinister war in Ukraine, a war of civilizations in which two forms of government known since antiquity clash: totalitarianism (Sparta) and democracy (Athens). In this context, it seems that a Pandora's box has been opened that seemed sealed, the box of the European energy mix.

Essential for households and industry, gas deliveries from Russia decreased by 80% in 2022. Retail electricity and gas prices have increased 15-fold compared to 2021. Surprisingly, Europe is paying the price for its own success. It imported a lot of liquefied natural gas (LNG) when Russia cut off the pipeline flow, but the mild winter limited demand. It paid dearly, but it was worth it.

Measures to save, cap prices and tariffs, diversify the sources of supply and stimulate production have reached unprecedented levels. However, unilaterally assumed only by energy consumers, such measures cannot replace communication, negotiations and cooperation between States.

2. SYNCOPES IN COMMUNICATION

The energy information flow is becoming more relevant than ever, due to disruptions in supply flows in recent years. If we were to theorize, communication in the field of energy has complex dimensions: the dialogue between suppliers and beneficiaries; the intervention of authorities in consumer behaviour; communication through the media; societal interaction, etc. In addition, in an anticipatory scientific vision, on another dimension, one can even speak of "communication" in the sense of transmitting energy at great distances, wirelessly.

For example, the syncopes in the transmission of information. I shall refer to the most famous communication error in the history of the last century, as a result of which the city of Hiroshima was bombed. Even if anecdotal and unconfirmed, this story serves as an example to demonstrate the devastating force that miscommunication

can trigger. The Japanese word "mokusatsu," pronounced by Japanese Prime Minister Kantaro Suzuki and misunderstood by the allies gathered in Potsdam, prompted the decision to launch the devastating "Little Boy" bomb on August 6, 1945, from the "Enola Gay" aircraft.

The Meaning in Japanese "to refrain from commentary," expressed by the Japanese Prime Minister in front of the Tokyo press before an official decision was taken, was interpreted by the Allied Powers as arrogance or even threat, because, separately translated the two parts of the word mean: "moku" – silence, and "satsu" – murder. A misunderstanding led to a catastrophe, more terrible than an earthquake!

Before the earthquakes in Turkey and the smallest ones in Romania, a communication earthquake had occurred in the energy crisis, affecting all the actors involved, both suppliers and beneficiaries. Poor communication changed the structure of the market and the overall energy mix.

In the European Union, "communication" itself has two meanings. On the one hand, the Directorate General of Communication is responsible for explaining community policies in front of the outside audience. On the other hand, the term "Communication from the European Commission" may include policy evaluations, comments and explanations of programmes, or summaries of present or future actions. For example, a Communication on energy prices was issued in 2021 and another Communication on energy market intervention was adopted on March 23, 2022 to mitigate the impact of the abandonment of the Russian gas. Internationally, among other things, partnerships were being formed with other countries to purchase gas and hydrogen jointly, to increase resilience and to calm prices.

The Union has fundamentally reformulated its energy policy in response to the gas crisis. If previously it had focused on climate change, it now takes geopolitics in particular into account.

On a global scale, the International Energy Agency, an intergovernmental organisation established by the OECD after the 1974 oil crisis, issued a communication on the natural gas crisis in Europe in 2022, and on February 23, 2023, Executive Director Fatih Birol addressed the College of EU Commissioners, stressing the importance of strengthening energy security.

Of course, such communications are easy to find through a simple Google search, or even more recently through the GPT Chat app. What I can tell you more originally relates to some events from the period of my life, less publicized and less likely to be found in internet searches.

It was December 1979, when the Soviet Union had invaded Afghanistan, and Romania had the courage to condemn the invasion. With a sense of humour, the Romanians whispered that Afghanistan had changed its name to "Stan Pățitul." But, the audacity to condemn Soviet aggression was expensive for us. A ship with Russian crude oil in the port of Constanta waiting for the unloading made its way back and left us, on the threshold of winter, with a serious energy deficit, without any prior communication. Nothing new!

Another dimension of the communication deficit is to limit access to modern ways of information. The scarcity of energy resources has deprived the world's poorest areas of access to basic heating sources. It is precisely those remote and isolated areas that are also those without access to the Internet and mobile telephony.

According to the World Economic Forum, in China and India alone, more than a billion inhabitants live without access to the Internet, which puts those people at a disadvantage in relation to computer societies.[i]

In another dimension of the communication deficit, fake news plays an evil role on the whole, and in the sphere of energy in particular. Public opinion is heavily influenced, sometimes even intoxicated with such news. Downright hilarious situations have occurred, inducing catastrophic feelings about the prospect of a lack of energy sources at a certain moment. After overcoming such moments, the world forgets and continues to "consume" distorted communications from the same news sources. To avoid judgments under the influence of momentary emotions induced by disinformation specialists, it would be useful to recall the oil crisis of the eighth decade of the last century. Great researchers had concluded then that in about 30 years the Earth would have exhausted its crude oil reserves. False! Suffice it to mention

the current global production of hydrocarbons in relation to that of that time. Although the predictions of the decline of production in certain geographical areas came true, on the global scale they turned out to be totally false and alarmist.

3. SYNCOPES IN NEGOTIATION

The recent energy crisis has led to complex bilateral and multilateral negotiations, some of them unprecedented. Prices, quantities, delivery times are negotiated; energy security alone is not negotiable.

By definition, negotiation means to give and to receive, to give and to take, but if one of the parties holds a monopoly position, then it is tempted to use its force, resorting to the formula give and take: "give with tifla, take with japca." There were also times of so-called mutually beneficial trade, when we gave some of them the oil, and they took our wheat.

"When the guns speak, the muses are silent" ("Inter arma silent musae"), said the philosopher Marcus Tullius Cicero. When the energy resource is used as a weapon, then the negotiators are silent. Anyone who holds a dominant position in the gas market is tempted to treat the partners as inferior in negotiations. Caricaturing, one can draw a parallel with the joke about those charged with peacekeeping missions, in English "peace keeping operations," who mean by this "take a piece of land and keep it!," such as the case of Transnistria.

An example of negotiating from unequal positions may also be that of gas pipelines through the Baltic Sea between Russia and Germany. The imbalance between the two sides in the negotiation could also be seen in August 2022, when Schroeder travelled to Moscow to meet Putin, in the midst of an energy crisis and in the midst of a European sanctions process against the Kremlin. Consequently, the German Parliament reduced the former Prime Minister's allowances, but the deed was accomplished.

Another case of disproportionate negotiation throughout recent history in the field of nuclear energy concerns the atomic power plants built in the former socialist camp, when the monopolist equipment supplier imposed his conditions without the right of appeal.

In that context, the field of anecdotalism is presented by the way in which Romania managed to bypass the single supplier, motivating its option in favour of Candu reactors by the lack of Soviet guarantees in case of an earthquake of the same degree as the 1977 one.

Energy negotiations are much more diverse within the European Union, where, for example, the options for nuclear energy range from 52% in France to 0% in countries such as Poland, Cyprus, Estonia, etc.

Intra-Community discussions reflect the diversity of the energy mix between countries. As far as Romania is concerned, in the negotiations for accession to the EU, difficulties were encountered in including hydro energy in the "renewable" category, precisely because it held a significant share in the national energy production, up to 40% in the rainy years, thus depriving the partner of a lever of negotiation and persuasion.

The EU's energy crisis triggered unprecedented new international trade negotiations. A memorandum was signed with Egypt and Israel for the delivery of gas to Europe. A strategic partnership and a memorandum in the field of energy have been signed with Azerbaijan. New LNG imports were negotiated with the US, and with Norway and the UK, additional quantities of gas were agreed on pipelines.

A key element in the negotiations on energy supply is the price, both bilaterally and at stock exchanges. In August last year, when the gas crisis had reached its peak, prices in the Amsterdam market exceeded 300 euros per megawatt hour. "Future" contracts in the Dutch market, which is also the benchmark for Europe, have now reached only 50 euros per megawatt hour, which is six times less, close to the September 2021 level. Surprisingly, it is forecast to decline further, given that EU deposits remain full at around 60%. A surprise negotiator was the mild winter, which strongly tipped the balance in favour of the consumers.

The unprecedented mobilisation and the intra-Community negotiations turned out to be fruitful. The UNION has provided more than €750 billion to counter the energy crisis through

the post-pandemic Recovery Fund. Unprecedented measures have been called upon in unprecedented situations, with this fund representing the EU's first issue of joint debt.

In addition, Member States, for their part, have spent almost €700 billion to support affected households and businesses, and from outside the EU, the UK has allocated €103 billion and Norway €8 billion.

Due to the energy crisis, negotiations between the Union institutions, the so-called "trialogue" (Parliament, the Council and the Commission) have been blocked on greenhouse gas emissions (55% reduction by 2030). Energy security and efficiency take precedence. At the forefront of the "trialogue" are energy resilience and independence, avoiding a new crisis in supply and even securing jobs.

The energy crisis has also led to the acceleration of research into nuclear power plants, in particular small and medium reactors, the so-called SMR (small and medium reactors). In this area, negotiations with the US have been completed, so that Romania will have the first mini-reactor of its kind in Europe. Globally, research was also accelerated in the field of nuclear fusion, opening up prospects for carbon-free electricity production.

4. SYNCOPES IN COOPERATION

The current energy crisis is proving so deep that no state can overcome it alone. That is why international cooperation is highly necessary.

Within the Union, cooperation gives us access to the National Recovery and Resilience Plan (NRRP), that is, European money for post-pandemic reconstruction. But the solution for Romania must go beyond the phase of the outstretched hand towards Brussels, which reminds me of the citizens of Mures after the floods of 1970, citizens who had entered the folklore with a tragi-comic chorus: "Mures, Mures, when are do you come next / to bring me about two thousand?"

In the 2010 financial crisis, the cliché "too big to bankrupt" referred to the banks saved by governments through the use of public money. Similarly, lobbying large energy corporations is leading to the circumvention of European rules on the redistribution of excess profits during the crisis. Presumably, a firm like OMV is too big to pay the solidarity tax on over-profit.

New conditions in energy markets led to the formation of the "Coalition of Price Limits" on December 2, 2022, including the G7 states and Australia, a coalition that limits the price of Russian crude oil to $60 per barrel, with the stated aim of "preventing Russia from profiting from its war of aggression against Ukraine." This year, G7 energy ministers will meet in Sapporo under the Japanese presidency to follow the evolution of the market and counter the effects of the crisis. On the other hand, somewhat in return, the BRICS grouping is taking shape, especially under the impact of the Sino-Russian rapprochement, with other visions, even regarding the world order.

Interstate cooperation is not at all great when the interests of states diverge. A simple example is Hungary, which is shirking European cooperation to safeguard its own economic interest, that of receiving cheap energy from Russia and of continuing its nuclear programme at the Pacs power plant, which provides half of the country's energy.

Under the pressure of the crisis, cooperations of connivance are taking shape, contracts are concluded that are less advantageous for suppliers, but viable, as they become brother with everybody until the sanctions pass.

Two case studies

A. Japan after Fukushima

Japan's 2011 energy crisis demonstrates how much a national energy system suffers from endogenous, unpredictable factors. The triple catastrophe of 03.03.2011, earthquake, tsunami and nuclear accident, caused a re-establishment of the entire Japanese energy system. Nuclear power covering a quarter of consumption was dropped overnight, imported liquefied gas thermal capacities were put into operation and an unprecedented energy efficiency plan was activated. The measures presented an immediate effect.

The Prime Minister at the time, Naoto Kan, had considered evacuating the entire population

from the Tokyo conurbation of 30 million, questioning the very existence of the Japanese nation. Communication and cooperation have worked well in society at all levels. Under the impression of the moment, the decision was made to give up nuclear power. Further developments, however, have reversed the decision, and ten years later the focus was placed on maximizing electricity production in nuclear power plants, through innovative reactors of the new generation, to replace about 20 of the current plants that will be decommissioned. This is how not only the stability of energy supply is targeted, but also the reduction of carbon emissions.

International cooperation remains a solid pillar of energy security for Japan. Diplomacy maintains good relations with the Gulf countries and periodically obtains, through negotiations, exemptions from the embargo on crude oil imports from Iran. The largest global importer of LNG, an island country without pipelines and cables through which to import energy, Japan buys liquefied gas from Australia, Malaysia, Qatar and other states, including Russia. Relations with the Russian Federation are closely monitored through negotiations, including with the partners in the G7. Japan refused to pay for Russian gas in rubles, but on the other hand, it does not give up on the Sakhalin 1 and 2 projects. The situation is complicated by the absence of insurance for the transport of Russian gas, due to sanctions, seeking much more costly war reassurances. The initial idea of a potential submarine gas pipeline between Russia and Japan was abandoned.

Nord Stream

An example of a distortion of the communication, negotiation and cooperation processes in the field of energy is that of the Nord Stream pipelines along the Baltic Sea. Designed to bypass Ukraine in the path of Russian gas to Germany, the pipelines took shape, as an idea, during the Maidan crisis in Kiev, when Ukraine was trying to break away from the Russian influence in order to move closer to the European Union. While the Kiev-Moscow communication suffered distortions, the Brussels-Kiev communication was streamlined. In this tense landscape, a new line of communication has developed: Berlin – Moscow. Germany's economic interest grafted on Kremlin's political interest led to the idea of pipelines through the Baltic Sea.

Regardless of the cause of the interruption of deliveries on the two Baltic gas pipelines in September 2022, one thing remains undeniable: the communication, negotiation and Russian-German cooperation on this project was blocked.

The initial negotiations took some time. Chancellor Schroeder, an ardent supporter of the project, quickly switched to cooperation and implementation. The transition was facilitated by his spectacular leap from the position of Prime Minister to that of Vice-President of Gazprom, after he had negotiated and signed the agreement on behalf of Germany. The European Union was being ignored. Everything went perfectly, until the two pipes exploded, on September 26, 2022. Although the perpetrator of the pipeline detonation was not known, the effects are having a major impact in the energy crisis. The Kremlin seemed satisfied that in this way it was interrupting gas deliveries to the European Union, which had just imposed sanctions on it. Germany, with a chancellor less cooperative with the Kremlin, seemed satisfied that, in this way, it was applying European sanctions by reducing the import of Russian gas. Ukraine, for its part, seemed satisfied that the aggressor's foreign exchange receipts were dwindling. The European Union was gloving on the "incident," reducing dependence on Russian hydrocarbons and diversifying its supply sources.

Despite the apparent positive effects, the Russian formula of bypassing Ukrainian territory for the delivery of gas to Europe was no longer working. The negative economic effect could not be avoided. Russia could no longer pay off its huge investment, Germany entered the winter with a large deficit of natural gas, and the chain of communication – negotiation – cooperation paralyzed. Communication had become intoxicated with fake news, negotiations were at a standstill, and cooperation was no longer in question.

The fact is that the delivery on the two parallel pipelines of 1224 km long, which could supply 55 billion cubic metres of gas per year was

interrupted, ensuring the European Union's requirements for at least 50 years.

The parties accuse each other, more or less veiled. The Finnish national radio company compared the incident to two previous explosions at the North Ossetia gas pipelines in January 2006, executed by remote military command, which interrupted Russian gas deliveries to Georgia after the country had shown interest in joining NATO.

5. THE CASE OF ROMANIA

Open to international relations, Romania has felt the energy crisis of the previous year as the most pressing economic problem. The rise in energy prices throughout Europe, aggravated by the war in Ukraine and the international sanctions on Russia, has become a pressing issue in our country as well, even though our resources are well above the European Union's average. Many normative acts have been issued to deal with the situation and protect the disadvantaged categories.

Some of the topics that were dragging on have become more acute, such as the need to exploit hydrocarbons in the Black Sea, shale gas or the opportunity of transit pipelines over Romania. On the latter subject, we consider that crossing the country with transit pipelines would not be too advantageous, meaning pollution, expropriation of land and security risks. Those who support such projects are, of course, considering the transit taxes that the Romanian state would collect, but we believe that this advantage would be insufficient to compensate for the negative effects. It could be evaluated, from the past, for comparison, the benefits brought by the transit through the Transbalcanic gas pipeline over Dobrogea. More interested than us in the transit over our country are the potential beneficiary states, Hungary, Austria and even Germany. Such states supported, since 2008, the realization of interconnections, insisting on Romania's financial participation, with the specification that, if necessary, on those pipelines we could import gas from Norway. Until the import, however, it was obvious that it was counting on the Romanian gas from the Black Sea or on other sources from the Caspian Sea. If transit pipelines were not desirable in a state with energy autonomy, then even more so they should not be financed by that state.

Peace in the world involves communication, negotiation and cooperation, like a trillium, a three-petaled flower or a flower power.

When three elements on which peace can be built were affected, then the global energy system was also affected. However, the great philosopher, Father Constantin Galeriu, said: "Not every storm comes to destroy your life. Some are coming to clear your way." This storm - the war in Ukraine - has cleared the way to a new, safer European energy system in which we no longer waste and pollute as much as before.

There was a storm! If humanity has to take advantage of it for cleanliness in the energy yard, then an effort is also required to clean up the three elements: communication, negotiation, and cooperation.

Nowadays, in the age of the artificial intelligence, one can write about "Communication, negotiation and cooperation in the energy crisis," with more information than I presented to you. Just as in chess the computer defeats any human player, so has it been achieved in the writing of studies.

Endnotes

[i]WEF – "*These are the countries where internet access is lowest*", Aug. 17, 2020