



Directorate-General
for Energy

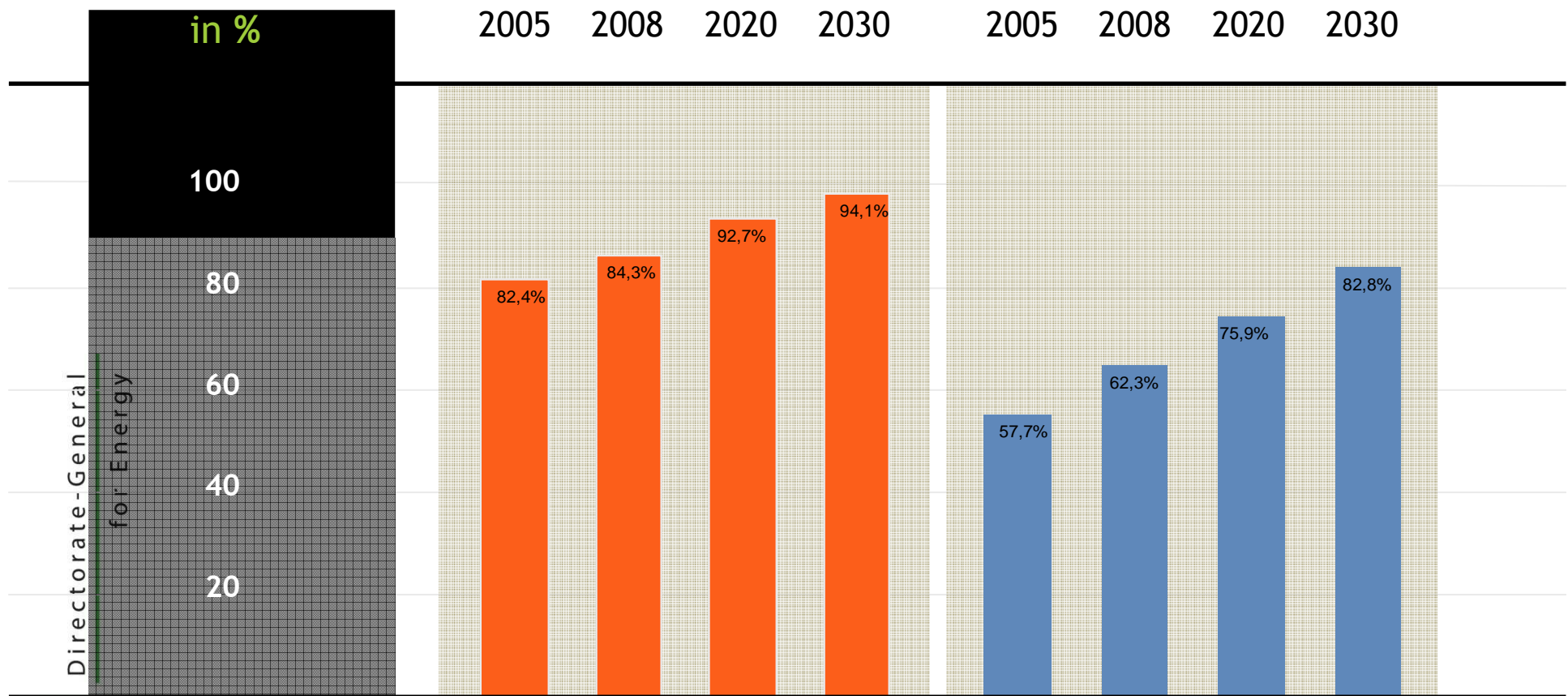


EU Energy Policy in Central Asia and the Caspian Region

● Outline

- EU Energy Dependency
- European Communication on Security of Energy Supply and International Co-operation
- Energy Co-operation with Central Asia/Caspian Basin
- Southern Corridor
- Beyond Energy

- EU-27 faces growing dependence on import of fossil fuels, notably in gas as EU domestic production declines



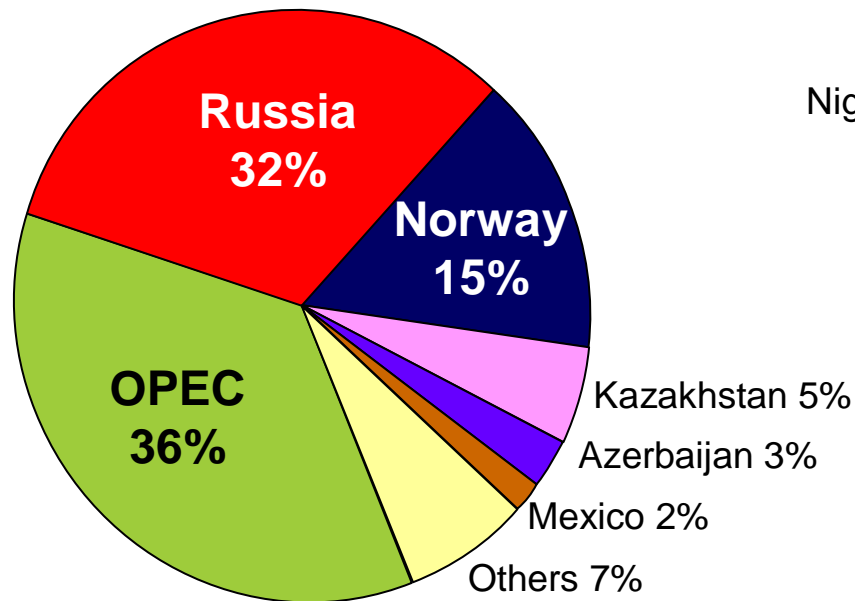
Based on 2009 baseline scenario

OIL

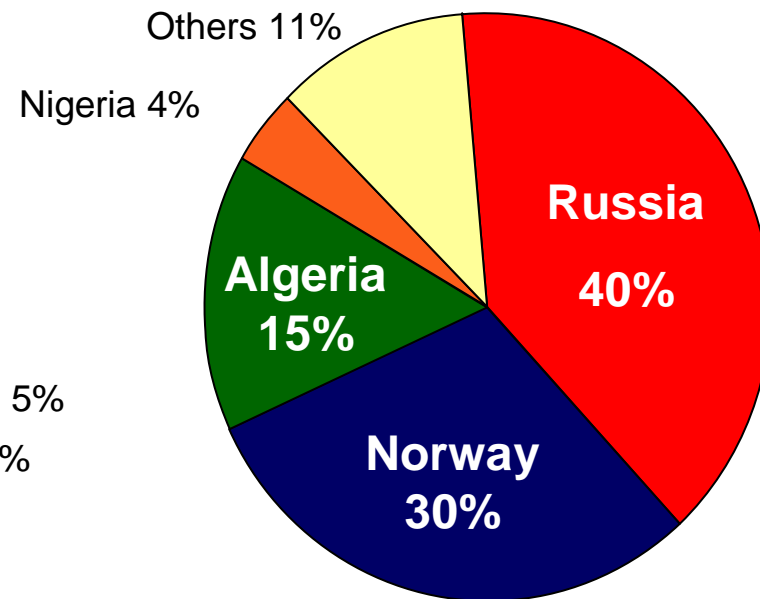
GAS

- The EU depends on a few suppliers

EU imports of **crude oil**



EU imports of **natural gas**

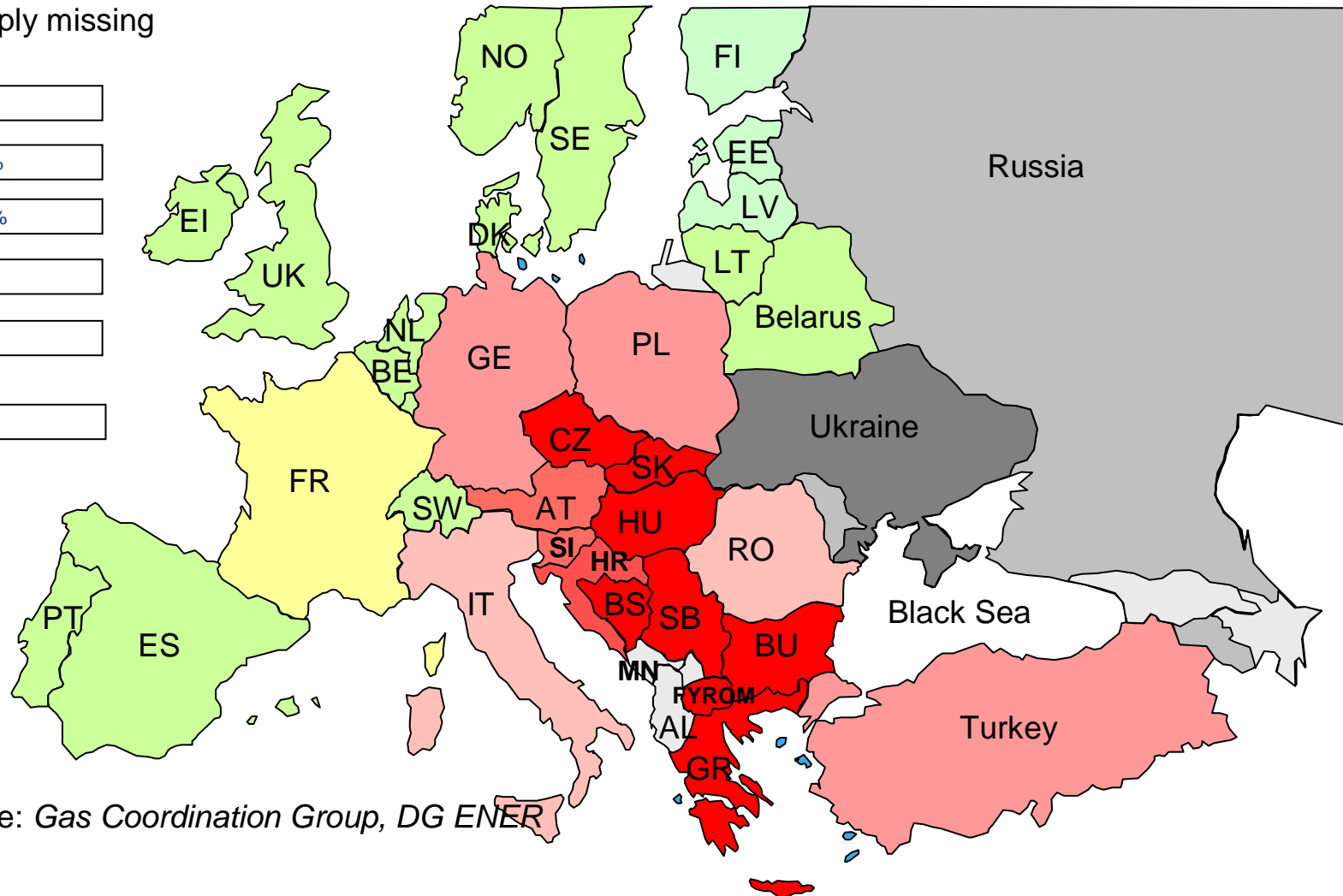
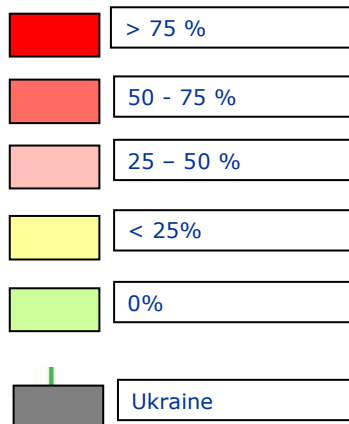


(2008)

● Security - Impact of Jan 2009 gas crisis

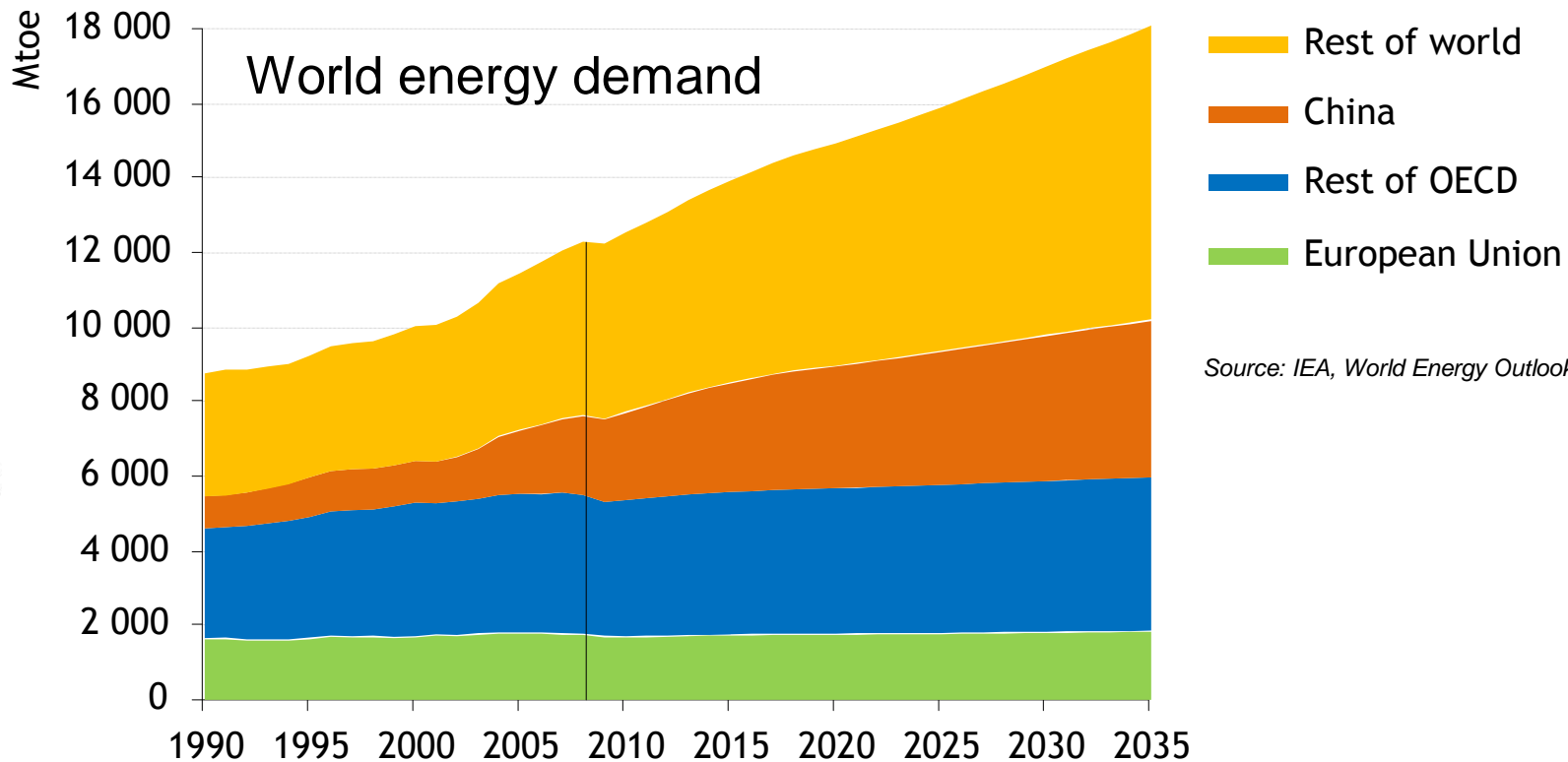
Central Europe particularly affected!

% of gas supply missing



Source: Gas Coordination Group, DG ENER

● Adapting to a new energy world



EU energy consumption is expected to level out in future but world energy consumption will continue to grow due to global population growth and economic catching up. Overall, world energy demand may grow by 45 % between 2006 and 2030. In China and India, demand will nearly double.

● European Communication on Security of Energy Supply and International Co-operation

- Integrate markets with neighbouring countries;
- Deepen relations with supplier countries;
- Strengthen partnerships for safe, competitive and low carbon energy including through co-operation with consumer countries;
- Improve access to sustainable energy for developing countries;
- Improve transparency and coordination at the EU level;
- Specific reference: “The EU must assist main supplier countries like Azerbaijan, Turkmenistan, Iraq and others, notably in the Central Asian region, in developing their energy sectors in an efficient and sustainable way and related trade and investment patterns with the EU”

● Energy Co-operation with Central Asia/Caspian Basin

- The EU has put energy at the top of its political priorities as reflected in the conclusions of the European Council
- Region rich in energy resources and potential for energy savings and use of renewable energy sources
- Gas deposits are close to European load centres
- Co-operation is broad in scope and benefits from various instruments: Memoranda of Understanding on energy co-operation, INOGATE assistance programme, Eastern Partnership, nuclear co-operation agreements, Dialogue under Partnership and Co-operation Agreements
- Security of supply remains a top political priority

● Southern Corridor

- The Southern Gas Corridor is a strategic objective to link the EU, the world's largest integrated gas market, to the world's most concentrated gas basin
- Importance explicitly recognised by all EU Heads of State at their Energy Summit of 4 February 2011: "Europe needs to diversify its routes and sources of supply. The Commission is invited to continue its efforts to facilitate the development of strategic corridors for the transport of large volumes of gas such as the Southern Corridor"
- Allow producer countries to enhance their security through increased market diversification and to access the EU market
- European Commission's role of catalyst & enabler
 - » Assist projects with political & regulatory issues
 - » Mitigate political risk

● Corridor Projects

- Several projects/routes under consideration
- The Southern Gas Corridor should be opened with rationalized and scalable infrastructures using optimal transit rights outside the EU and commercial intra-EU projects fostering security of supply in the European Union
- The first substantial amount of gas should come from the Shah Deniz-II development in Azerbaijan around 2017/2018
- Major step taken in September 2011 with the authorisation to the European Commission to negotiate a legally binding treaty between the EU, Azerbaijan, and Turkmenistan to build a Trans-Caspian Pipeline System
- Ultimately the SGC should give access to 90-100 bcm of gas annually

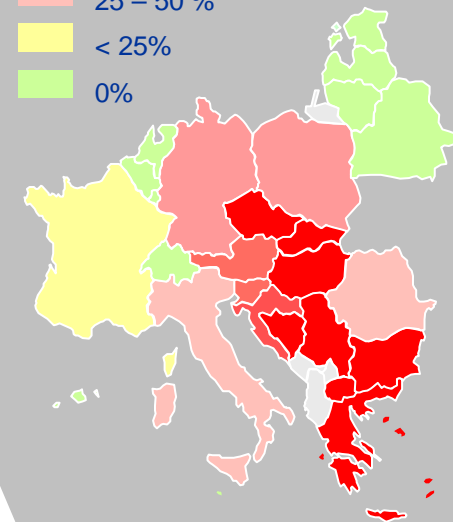
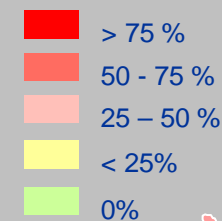


Criteria for determining public policy benefits in individual projects

Objectives (ranked by importance)

- **Open a reliable and significant route for gas from the Caspian Region**
 - ⇒ Bringing Azeri, Turkmen and/or Iraqi gas direct to the EU
- **Improve Security of Supply in countries most hit by the crisis**
 - ⇒ Diversifying the countries put most at risk in the 2006 and 2009 supply cut-offs
- **Greater reduction of transit risk**
 - ⇒ Creating new dedicated physical infrastructure to import gas to the EU
- **Increase wholesale competition**
 - ⇒ Bringing new gas volumes to (new) gas hubs, fostering liquidity and competition in the wholesale markets

% of missing gas supply from 6 to 20 January 2009



● Beyond Energy

- EU Strategy for a New Partnership with Central Asia (adopted by EU Member States in 2007)
- Covers wide range of areas: trade and economic co-operation as well as regional co-operation in the fields of environment, water resources, border management, youth and education, and combating drug trafficking
- Political dialogue significantly strengthened with regular meetings of Foreign Ministers (last Central Asian Ministerial Meeting in Tashkent, April 2011)

● Conclusion

- The EU has put Energy and relations with Central Asia among its top political priorities as reflected in the meetings of the European Council of Heads of State and government
- A primary focus of EU energy policy efforts in the region has been the establishment of a Southern Gas Corridor
- It is in the energy security interest of all of us to promote the sustainable development of energy resources and the diversification of export routes.
- Energy co-operation is a part of the overall developing EU-Central Asia relationship



Thank you for your attention

http://ec.europa.eu/energy/international/security_of_supply/cooperation_en.htm



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