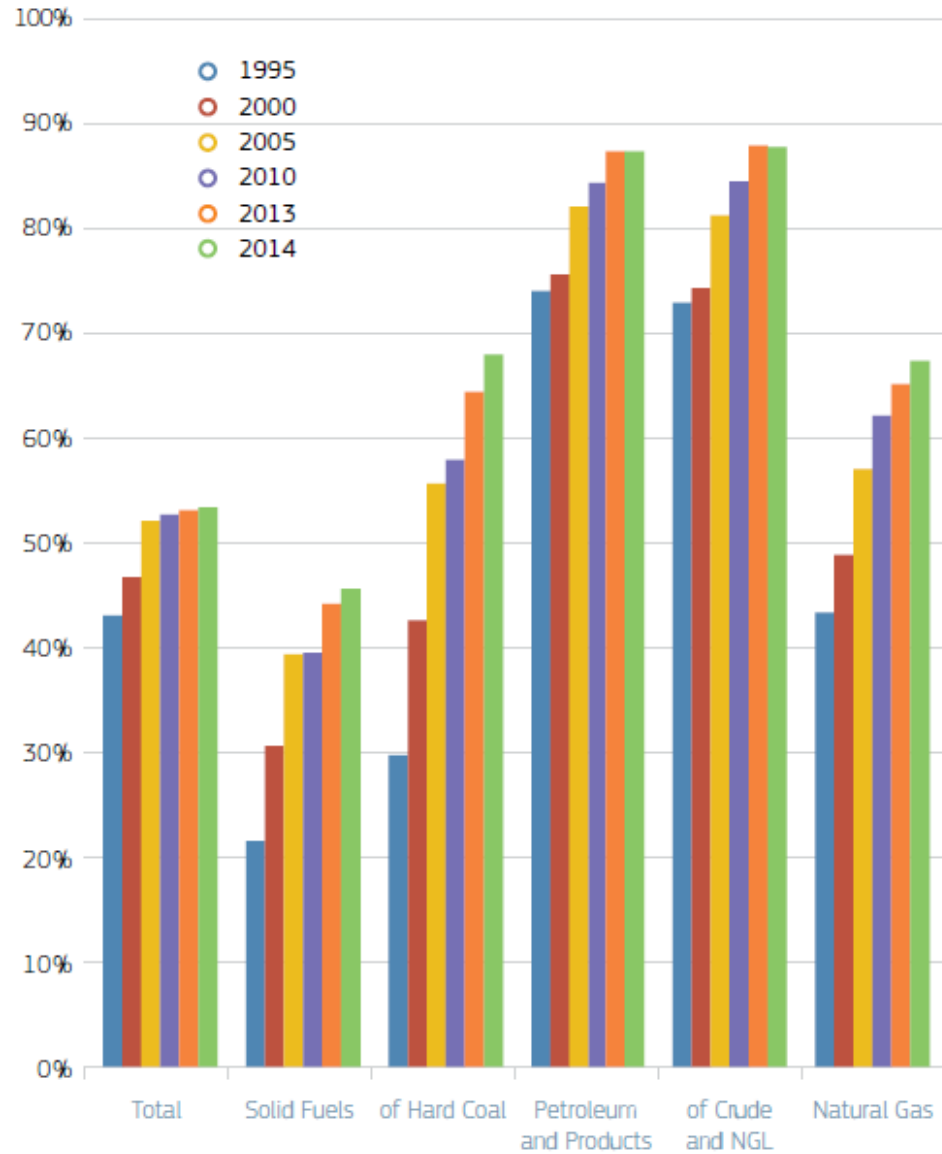


External dimension of the EEP

Filip Černoch
cernoch@mail.muni.cz

EU28 import dependence



Energy 'from abroad'

- To secure stable and reliable supplies of energy at affordable prices.
- To improve relationship between consuming countries, producers and transit countries.
- To strengthen the negotiating position of the EU by 'speaking with one voice'.
- Limited supranationalisation – energy security as an issue of high politics. Issues outside of the reach of the EU. Weak position of EC.
- Liberalization of the energy sector(s) in the EU.
- Not clearly defined area – only vague and rather supportive powers of the European Commission.
- Increasing importance due to the disintegration of Soviet Union, accession of new MS, Russia-Ukraine disputes... .

Powers and tools of the EC

- Support of diversification.
 - Diversification of fuels.
 - Diversification of suppliers.
 - Diversification of transit routes.
- Strategic reserves of oil and gas.
- Export of energy acquis communautaire via network of bilateral, multilateral and global treaties covering (to some extent) energy issues.
- IEM.

Powers and tools

- Support of diversification
 - Diversification of fuels
 - Diversification of suppliers
 - Diversification of transit routes
- **Strategic reserves of oil and gas**
- Export of energy acquis communautaire via network of bilateral, multilateral and global treaties covering (to some extent) energy.
- IEM.

Activities of the commission - reserves

- Strategic reserves of crude oil and petroleum products – Directive 2009/119/EC – MS are obliged to ensure a total level of oil stocks corresponding to the 90 days of average daily net imports or to the 61 days of average daily inland consumption, whichever of the two quantities is bigger.
- Regulation No 994/2010 concerning measures to safeguard security of gas supply.
 - Resolves the situation in case when the single largest gas infrastructure of country fails, which is the so called N-1 scenario. In such case, the regulation obliges the MS to ensure the supply for protected customers (mostly households + hospitals...).

Powers and tools

- Support of diversification.
 - Diversification of fuels.
 - Diversification of suppliers.
 - Diversification of transit routes.
- Strategic reserves of oil and gas.
- Export of energy acquis communautaire via network of bilateral, multilateral and global treaties covering (to some extent) energy.
- IEM.

Instruments of the external dimension of the EU energy policy

Instrument	Partners
Bilateral cooperation	
Energy dialogue	Brazil (since 2007), China (since 2005), India (since 2004), Iraq (since 2010), Norway (since 2005), Russia (since 2000), The South African Republic (since 2008), Ukraine (since 2005), USA (since 2006)
The bilateral agreements of different sorts treating the economic cooperation in total, including the power industry – for example Partnership and Cooperation Action (PCA), Free Trade Agreement (FTA), Stabilization and Association Agreements.	EU economic partners across the world PCA agreements were signed by the majority of CIS countries and represented the foundational element of the Deep and Comprehensive Free Trade Area Agreements, that is, of the instrument set by the Eastern Partnership
The memorandums of understanding associated with cooperation in the field of power industry (MoU)	EU partners in the field of power industry, including Ukraine and the states from the Caspian Region The memorandums represented the first level of the intensified energy relations

Instruments of the external dimension of the EU energy policy

Multilateral cooperation	
Energy Community	<p>EU closest neighbors</p> <p>Currently, the membership consists of the Balkan states, Ukraine and Moldavia</p> <p>The observing status is held by Turkey, Norway and Georgia</p>
European Neighborhood and Partnership Instrument (ENPI)	17 neighboring states
Energy Charter Treaty	Oil producers assembled under the OPEC
Cooperation with the Gulf Cooperation Council	
Baku Initiative (INOGATE, TRACECA)	EU Assistance Program for Turkey and CIS members states (Russia is the observer)
Black Sea Regional Energy Centre (BSREC)	11 states from the Black Sea Region
Caspian Development Corporation (CDC)	Companies from the Caspian Region
Union for the Mediterranean, Barcelona Process	16 states located along the Mediterranean coastline in the North Africa, Middle East and Balkan

Instruments of the external dimension of the EU energy policy

Global cooperation	
Energy Charter Treaty	<p>Signed by 51 countries worldwide</p> <p>In reality, a vast number of countries active in the energy market remained out of this structure (for example, Norway, Australia did not ratify the document, Russia withdrew in 2009)</p>
Kyoto Protocol	<p>Signed and ratified in total by 191 countries worldwide, excluding the USA</p>
International Energy Forum (IEF)	<p>Includes the states which represent approximately 90% of the world oil and gas demand and offer</p> <p>Members are the IEA and OPEC states, China, Russia</p>
G8 and G20	<p>8 and 20 richest countries in the world</p>

Export of legal framework

- Energy Charter
 - EU, CIS countries (without RF), central Asian states, Azerbaijan, Georgia, Turkey.
 - International agreement creating framework for cross-border cooperation in the energy. Covers trade, transit, investments (Khodorkovsky's Yukos tax evasions), energy efficiency. Legally binding with dispute resolution mechanisms.
 - 1991 Energy Charter declaration.
 - 1994 legally binding Energy Charter Treaty (plus Environmental protocol). Building strongly on GATT and WTO rules. 51 parties.

Export of legal framework

- Energy Community (2006)
 - EU, Albania, BIH, FYROM, Montenegro, Serbia, Kosovo. Moldova, Ukraine, Turkey and Norway as observers.
 - Extending the (energy) acquis of the EU to countries of SEE. Common regulatory framework in energy (security of supply, energy efficiency, RES, third liberalisation package), environment and competition.
 - Problems with opening of members to competition, with subsidies, unstable investment climate, insufficient measures to protect environments, state regulation of prices...

Powers and tools

- Support of diversification
 - Diversification of fuels
 - Diversification of suppliers
 - Diversification of transit routes
- Strategic reserves of oil and gas
- Export of energy acquis communautaire
- Network of bilateral, multilateral and global treaties covering (to some extent) energy
- IEM

External dimension and internal market

- EC vs. Gazprom.
- September 2011 EU antitrust officials made unannounced inspections of the energy companies in 10 CEE MS.
- September 2012 – EC opened formal proceedings against Gazprom for allegedly violating EU competition rules (abusing its dominant position in CEE's gas supply markets).
- Three potentially anticompetitive practices:
 - Market partitioning (destination clauses).
 - Barriers to supply diversification (breaching of TPA principle).
 - Unfair pricing (long-term take-or-pay contracts, oil indexation).

Summary

- In external energy policy the role of the EU is limited and uncertain.
 - Some competences provided by Lisbon treaty.
 - No tradition of MS to cooperate when speaking with outside suppliers. Only soft powers of EU here.
 - Responsibility still on MS (their companies).
 - Very turbulent area with some demand for „speaking with one voice“ (D. Tusk – Energy union).

Sources

- IEA (2014): Energy Policies of IEA Countries – The European Union.