

## The EU-Russia energy relationship: From addiction to rehab?

A roundtable organised by the Centre for European Reform and Carnegie Europe

Scotland House, Brussels

July 7<sup>th</sup> 2015

11.00 – 11.30 Registration and coffee

11.30 – 12.15 **Keynote speech** by Gunnar Wiegand, Director for Russia, Eastern Partnership, Central Asia, Regional Co-operation and OSCE, European External Action Service

Moderator: Charles Grant, Director, Centre for European Reform

12.15 – 13.45

**The supply side:** developments in and prospects for the Russian oil and gas industries. Russia's economy and state budget revenues are highly dependent on the sale of hydrocarbons. As world oil prices have fallen, Russia has pumped record amounts of oil, but earned fewer dollars for it. Russia's traditional model of gas pricing, tied to the oil price, was already breaking down as gas from alternative sources became available; the fall in the oil price will put it under further strain. Many oil and gas fields in Russia are mature, and production there will start to fall. Either replacement production must be found, or more production will have to be squeezed out of old fields; but Western sanctions on the export of technology for the oil industry and on investment in the sector make either option harder. As a result of longstanding worries about over-dependence on a single source of supply, exacerbated by the conflict in Ukraine, the EU is trying to diversify its sources of gas and its energy needs; Russia is meanwhile trying to diversify its customers by selling more gas to China. What is the best strategy for Russia: to diversify its customers, or diversify its economy? What are the implications of developments in EU-Russia relations for the future of Russia's energy business with Europe?

Speakers: Nick Butler, Chair, King's Policy Institute and Visiting Professor, King's College London

Peter Mather, Group Regional Vice President, Europe and Head of Country, UK, BP

Vladimir Milov, President, Institute of Energy Policy

Yulia Selivanova, Trade and Energy Regulatory Affairs Expert, formerly with Energy Charter Secretariat

Moderator: Jan Techau, Director, Carnegie Europe

13.45 – 14.00 Break – light lunch buffet

14.00 – 15.00

Lunch discussion: **The transatlantic dimension**

How are Europe's energy security challenges viewed from the US? Is a distinction made between acute crises and long-term structural challenges? How is the 'Energy Union' project interpreted? If a robust 'Energy Union' were to be successfully implemented, what would this imply for transatlantic relations? What tools, both extant and hypothetical, could be brought to bear in a co-ordinated fashion by the US and the EU to address these energy security challenges?

Speakers: Matthew Bryza, Non-Resident Senior Fellow, Atlantic Council of the United States

Kristine Berzina, Transatlantic Fellow, Energy and Society, GMF

Moderator: Rem Korteweg, Senior Research Fellow, Centre for European Reform

15.00 – 16.30

**The demand side:** the EU's response to changes in its energy relationship with Russia. The EU is Russia's main export customer for gas, oil and coal. Oil and coal are relatively freely traded on world markets, so the EU's main concern has been diversifying the supply of gas; a number of member-states depend on Russia for all the gas they consume, making them potentially vulnerable to supply disruption. At the same time, Russia is one of the world's largest producers and exporters of hydrocarbons, and it is on the EU's doorstep, so there are advantages in buying from Russia. The EU has tried to use legal measures to create a more competitive market in energy; it is investing in infrastructure such as interconnectors to ensure that gas from diverse sources including LNG can enter the market; and it is increasing the use of renewable energy and improving energy efficiency. The Commission's stated goal is an 'Energy Union'; but does this mean the same thing to all the member-states? What is the role of Europe's big oil and gas companies in improving security of supply? How can the EU reduce its dependence on Russian gas, and lock in the benefits and mitigate the risks of buying hydrocarbons from Russia?

Speakers: Jan Cienski, Energy and Security Editor, POLITICO

Philip Lowe, Former Director-General, DG Energy, European Commission

Alan Riley, Professor, City Law School, City University London

Moderator: Charles Grant, Director, Centre for European Reform

16.30 Close

