

New Gas Export Policy Trends in Russia and its Impact on the EU

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Structure

1. Gazprom structure: evolution and current practices
2. Gazprom facing the EU gas market liberalization
3. Gazprom and the Energy Charter Treaty
4. Gazprom and bilateral relations with the transit countries

Gazprom: historical overview

=> 1989: Mineftegasstroi restructured
=> Gazprom => 1993 JSC Gazprom
(participation by non Russian stakeholders is limited to 10%) =>

2005: Capital reform (state takes 51% and 49% are open for privatization)

=> 2005-07: political strategy of making a national strategic company

FSU gas Trade structure

(MinNefteGazstroj)
Gazprom (since 1989)

Independent Produce
Oil companies

LNG

Law (draft) on gas exports

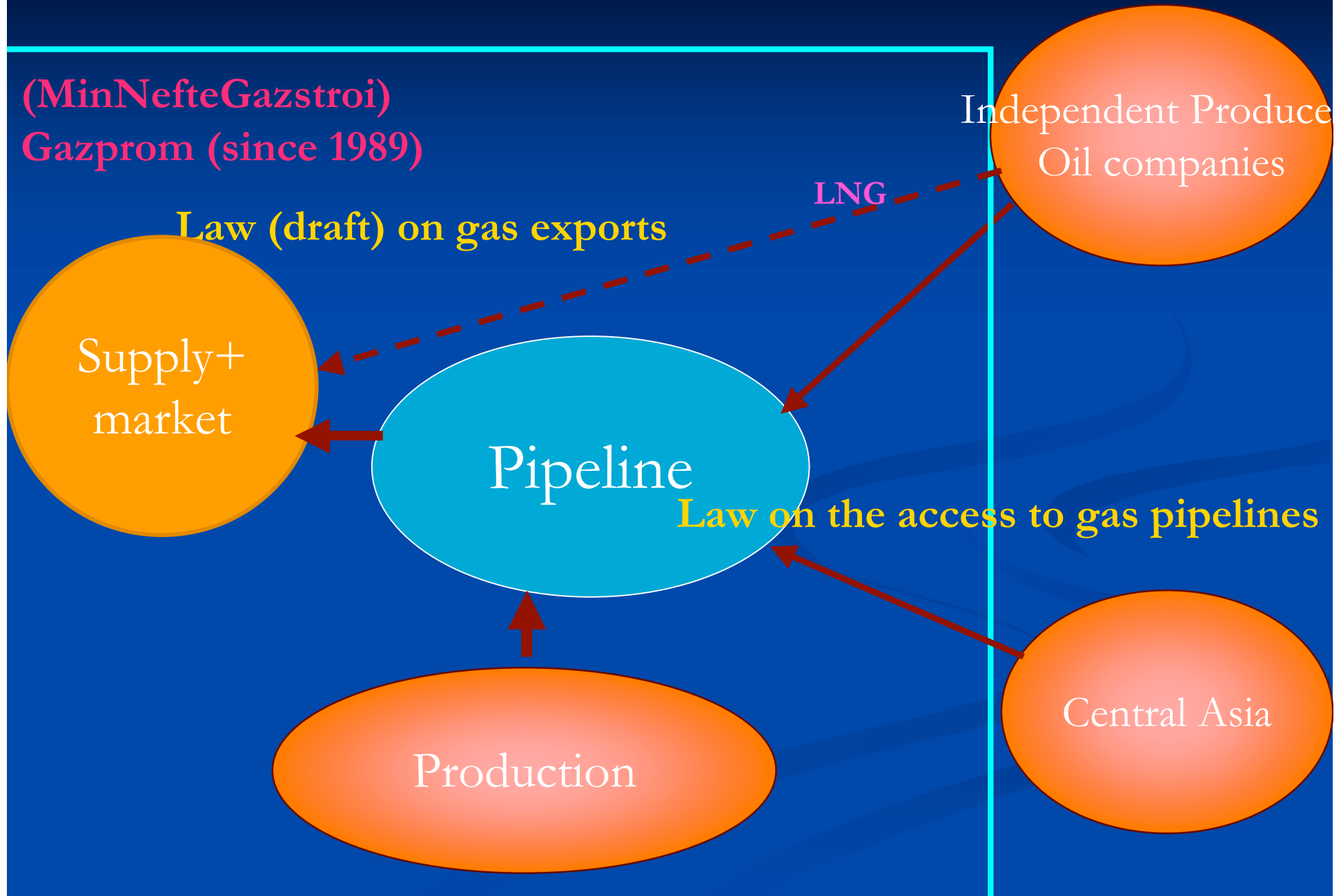
Supply+
market

Pipeline

Law on the access to gas pipelines

Production

Central Asia



Gazprom facing liberalization of the EU gas markets

- Long term contracts to be revised
- Removal of Destination clauses
 - Gazprom set a new strategy in getting distribution markets: Eni, GdF, Baltic States
 - The EC requests for the reciprocity rule: Gazprom does not need it

Diversification as a response to the diversification



Energy Charter: an object of the EU Russia dispute?

- Energy Charter: multilateral response to the energy interdependence
- Poland vetoes EU Russia agreement demanding the ratification of the ECT
 - Other EU Member States do not support Poland
- Russia participates in the Energy Charter Process, but links its ratification to the success of the Transit Protocol

Gazprom and the ECT

- Gazprom fears private pipelines and loosing control over gas flows
 - ECT also secures Russian pipeline investments abroad
- Pre-investment phase of provisions on investments are not integrated into the ECT
 - Russia is not ready to allow pre-investment phase non-discrimination
- Dispute settlement: too much power allocated to the conciliator
 - Counter-arguments: the ECT could have been useful for RF-Ukraine dispute settlement without harming Gazprom's reputation

Bilateral conflicts: missed opportunities for Gazprom or false hopes for Europe?

- **Russia–Ukraine**
- **Agreement 2001 and annual Protocols on volumes and supplies**
- **Supply linked to transit**
- **Tariff renegotiation (annual Protocol 2005)**
- **Gazprom's refusal of arbitration (procedures established by ECT)**

Conclusion

Control inside Russia =><=strategy in getting distribution markets

Opposition to the ECT

=><=stabilization of legal relations with transit states