



# Pipelines, plants and European energy networks: dealing with dependency

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# EU-Russia – the state of interdependence (1)



- (1) **High base level** for European-Russian relations: since 1992 tremendous improvement in West-Russian relations in particular in trade, energy, human fields.
- (2) **Energy has a major role**: constitute more than 80% of Russian exports to the EU, Europe and the EU is still a major destination for Russian energy.
- (3) For the EU Russian energy relations are **broad and deep**: imports in all major fuels (oil, gas, coal, nuclear), ranging from 10-30% of total imports of the given fuel.
- (4) Security discourses have been **sectoral, not political**: Security considerations primarily around gas exports, around 20% of total Russian exports of energy.

# EU-Russia – the state of interdependence (2)



- (1) **No asymmetry in gas trade** - EU27 share in Gazprom gas revenues: 50% (2005), 43% (2012), expected around 30-35% (2025).
- (2) **Russia is the cheapest incremental source of gas** – no decrease of RU dependence without sacrifices. EU dependence on RU likely remains at 25-30%.
- (3) **Myth of managed bilateralism**: Relations are **dominated by unilateral actions** both from the EU and Russia. „Chicken game” from both sides.

# An awkward interdependence?

- (1) **A „Maybe” to Gazprom:** super-comfortable environment for diversification efforts.  
Result: neither trust building with Russia, nor real diversification.
  
- (2) EU gas policy instruments are only moderately capable to manage these goals (interdependence, diversification).
  
- (3) **Three major questions:**
  - Can we save the status quo?
  - Do we want to save it?
  - Do we have a strategy for a peaceful divorce with Russia?

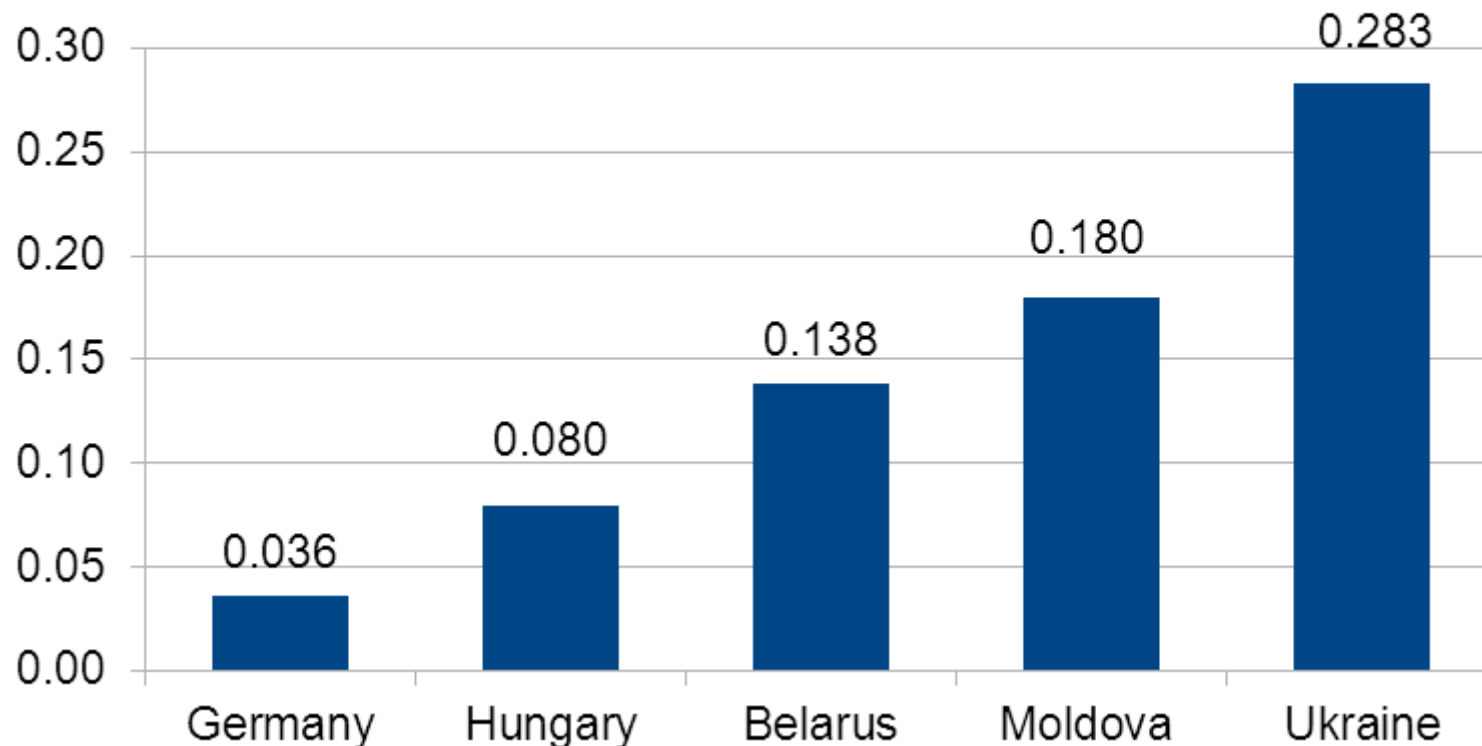
# CEE – Import dependencies

**Energy dependencies in some selected countries, 2008**

	Member state (2008)	Gross energy consumption (Mtoe)	Net imports (Mtoe)	Energy Dependency		Member state (2008)	Gross energy consumption (Mtoe)	Net imports (Mtoe)	Energy Dependency
1	Cyprus	2,6	3	100%	16	Finland	37,8	20,9	54,60%
2	Malta	0,9	0,9	100%	17	EU27	1825,2	1010,1	53,80%
3	Luxembourg	4,7	4,7	98,90%	18	Slovenia	7,3	3,8	52,10%
4	Ireland	15,5	14,2	90,90%	19	France	273,1	141,7	51,40%
5	Italy	186,1	164,6	86,80%	20	Bulgaria	20,5	9,5	46,20%
6	Portugal	25,3	21,6	83,10%	21	Netherlands	80,5	37,2	38%
7	Spain	143,9	123,8	81,40%	22	Sweden	50,8	19,8	37,40%
8	Belgium	60,4	53,5	77,90%	23	Estonia	5,4	1,9	33,50%
9	Austria	34,1	24,9	72,90%	24	Romania	40,9	11,9	29,10%
10	Greece	31,5	24,9	71,90%	25	Czech Rep.	46,2	12,9	28%
11	Latvia	4,6	3,2	65,70%	26	USA	2283,7	634,4	27,78%
12	Lithuania	8,4	5,5	64%	27	UK	229,5	49,3	21,30%
13	Slovakia	18,8	12	64%	28	Poland	98,3	19,6	19,90%
14	Hungary	27,8	17,3	62,50%	29	China	1993,3	184,7	9,30%
15	Germany	349	215,5	61,30%	30	Denmark	20,9	-8,1	-36,84%

# Macroeconomic affordability of gas imports

Unit gas imports (1% of TPES) as a percentage of GDP, 2011



# Social affordability of gas imports

Trade balance of energy products, selected countries (% of GDP, 2009-13)

	<i>Petroleum products</i>	<i>Natural Gas</i>	<i>Total</i>	<i>Net hhold gas price, 2013 H2, EUR/GJ</i>	<i>Net hhold el. price, 2013 H2, EUR/kWh</i>
UK	-0,3	-0,3	-0,8	15,549	0,18
RO	-1,7	-0,5	-2,3	4,463	0,128
FR	-2,1	-0,7	-2,8	16,840	0,159
PL	-3	-0,3	-2,9	11,493	0,144
EU28	-1,9	-0,8	-2,9	n.a.	n.a.
DE	-2,2	-1	-3,3	14,430	0,294
CZ	-2,9	-1,6	-3,8	13,208	0,149
HU	-2,8	-2,4	-5,8	9,187	0,133
SK	-2,2	-2,7	-5,8	12,030	0,168
BG	-4,3	-2,3	-6,4	11,995	0,088
LT	-3,4	-2,8	-6,8	14,090	0,139
CY	-6,7	-0,2	-6,9	n.a.	0,248

Source: Eurostat, EC



**Thank You for Your attention!**