EU-Russia Economic Relations and Energy Security

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German Eastern Business Association
Global Challenges

- Global Food Security
- Non-Proliferation of Nuclear Weapons / Iran-Deal (JCPOA)
- Peace in Middle East and Afghanistan
- Fighting international Terrorism
- Nuclear security and Disposal of Atomic Waste
- Raw Material Security / Ressourcing
- Climate Change
- Migration and Demographic Change
- Digitalisation
- Exploration of Space
- Multilateralism vs. Protectionism
EU main trading partners, 2017

**EU Exports, bn Euro**
- USA
- China
- Switzerland
- Russia
- Turkey
- Japan
- Norway
- South Korea
- India
- Canada

**EU Imports, bn Euro**
- China
- USA
- Russia
- Switzerland
- Norway
- Turkey
- Japan
- South Korea
- India
- Canada

Amounts shown in billions of Euro.
Russia’s main trading partners

Russia's main trading partners 2017

- EU 42%
- China 15%
- Korea, Rep. [PROZENTSATZ] 3%
- Japan 3%
- Turkey [PROZENTSATZ]
- USA 4%
- EEU 9%
- Others 20%

German-Russian trade: development

German-Russian trade in goods; bn Euro

Year | Exports | Imports
--- | --- | ---
2012 | 38.1 | 42.8
2013 | 35.8 | 41.2
2014 | 29.2 | 38.3
2015 | 21.6 | 30.1
2016 | 21.5 | 26.5
2017 | 25.8 | 31.5
German-Russian trade: product groups (2017)

German exports: top 5 product groups
- Machines: 22%
- Motor vehicles and parts thereof: 16%
- Chemical products: 11%
- Data processing eq., elec. and opt. production: 7%
- Others: 37%
- Pharmaceuticals and similar products: 7%

German imports: top 5 product groups
- Crude oil and natural gas: 63%
- Coke and refined petroleum products: 13%
- Metals: 10%
- Chemical products: 3%
- Coal: 5%
- Others: 6%
German FDI in Russia

• German FDI stocks in Russia at the end of 2017: 19 bn US$ (Source: Russian Central Bank)

• 2017 German FDI in Russia was about 1,6 bn Euro (Source: German Central Bank)

• Nearly 5.000 German companies are registered in Russia with 270.000 employees

• New investment projects due to the Russian policy of import substitution/localization and Ruble weakness

• Important Projects: Nord Stream 2, Mercedes Benz (Moscow) und VW (Kaluga) factories, High speed trains (Siemens)
German companies in Russia

- otto group
- METRO
- REHAU
- SIEMENS
- HERRENKNECHT
- wilo
- Continental
- BOSCH
- Evonik Industries
- BERLIN-CHEMIE MENARINI
- DMG MORI SEIKI
- ECONIVA
- schattdecor
- Rhenus Logistics
- Globus
- Bionorica
- Knauf
- FAG
- CLAAS
- Schaeffler Group
- Hochland
- Wintershall
- rma
- Henkel
German-Russian energy relations

- Nearly 50 years of successful German-Russian energy partnership -> important contribution to German supply security
- Russia is Germany’s most important energy supplier for oil and gas
- Russian companies (Gazprom, Rosneft, Novatek) are important investors in Germany’s energy infrastructure
- German companies (e.g. Uniper, Wintershall) are big investors in the Russian energy sector
- Russian energy is competitive on the German/European market due to geographical proximity and pipeline systems!
<table>
<thead>
<tr>
<th>Energy Source</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Oil</td>
<td>34.6%</td>
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<tr>
<td>Coal</td>
<td>22.0%</td>
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<tr>
<td>Gas</td>
<td>23.8%</td>
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<tr>
<td>Nuclear power</td>
<td>6.1%</td>
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<tr>
<td>Water/Wind energy</td>
<td>4.4%</td>
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<tr>
<td>Other renewables</td>
<td>8.7%</td>
</tr>
<tr>
<td>Others</td>
<td>0.4%</td>
</tr>
</tbody>
</table>

**Germany’s energy mix**

**Primary energy consumption 2017; in %**
Germany’s energy imports

### Crude oil imports by region/country, 2017
- Norway: 11%
- Russia: 37%
- Africa: 18%
- UK: 10%
- Near East: 7%
- Venezuela: 1%
- Others: 16%

### Natural gas imports by country, 2015
- Russia: 35%
- Netherlands: 29%
- Norway: 34%
- Others: 2%
Extra-EU imports of petroleum oil and gas
(shares in value, 2017)

Oil imports, 2017
- Russia: 30.0%
- Norway: 13.0%
- Kazakhstan: 7.9%
- Iraq: 6.9%
- Nigeria: 6.5%
- Saudi Arabia: 5.7%
- Others: 30.1%

Gas imports, 2017
- Russia: 37.0%
- Norway: 37.0%
- Algeria: 12.7%
- Qatar: 5.6%
- Others: 7.7%
Extra-EU imports of Energy - Overview

At present, the EU imports 54% of all the energy it consumes, at a cost of more than €1 billion per day. Energy also makes up more than 20% of total EU imports. Specifically, the EU imports:

• 90% of its crude oil
• 69% of its natural gas
• 42% of its coal and other solid fuels
• 40% of its uranium and other nuclear fuels.

Possible 80% cut in greenhouse gas emissions in the EU (100% = 1990)
EU – Energy Security Strategy - 2050

Focused on:

• boosting energy security
• creating a fully integrated internal energy market
• improving energy efficiency
• decarbonising the economy (by using renewable energy or gas as a bridge energy)
• supporting research, innovation and competitiveness

Targets for 2030:

• a 40% cut in greenhouse gas emissions compared to 1990 levels
• at least a 27% share of renewable energy consumption
• indicative target for an improvement in energy efficiency at EU level of at least 27%
The EU has set itself a long-term goal of reducing greenhouse gas emissions by 80-95%, when compared to 1990 levels, by 2050.
German Energy Strategy – 2050 / „Energiewende“

2020: - 40 % cut in greenhouse gas emissions of 1990 (currently expected: 32%)

2030: - 55 % (currently exp. 41%)

2050: - 80-95%

Next steps:
Exit from nuclear energy by 2022

Exit from brown coal by 2035? (under investigation of a german coal comission)
Main areas of EU Russia energy cooperation

• Natural Gas
• Oil
• Nuclear Power
• Green Energy
„Strategic areas of EU-Russia economic cooperation“

1. Common economic space
2. Trilateral cooperation with countries of Eastern partnership
3. Strengthening of WTO and other multilateral organisations
4. Energy security/ Climate Change
5. Connectivity, Infrastructure and Mobility
6. Digitilization and Artificial Intelligence
Thank you