

EU-Russia Economic Relations and Energy Security

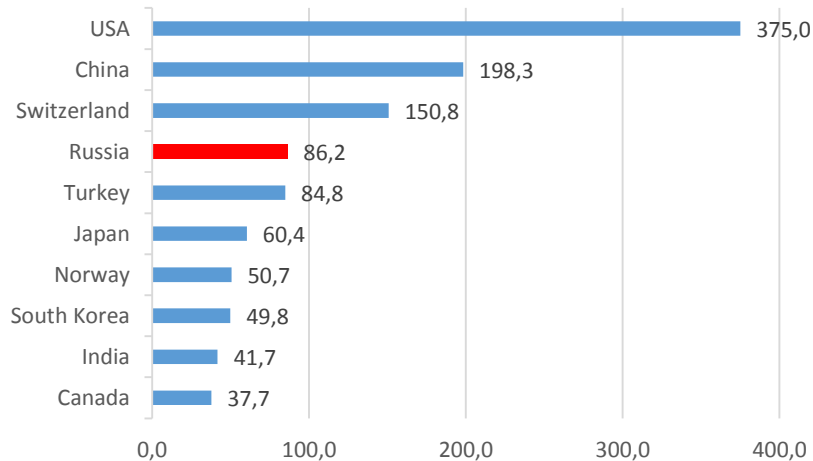
Michael Harms, CEO
German Eastern Business Association

Global Challenges

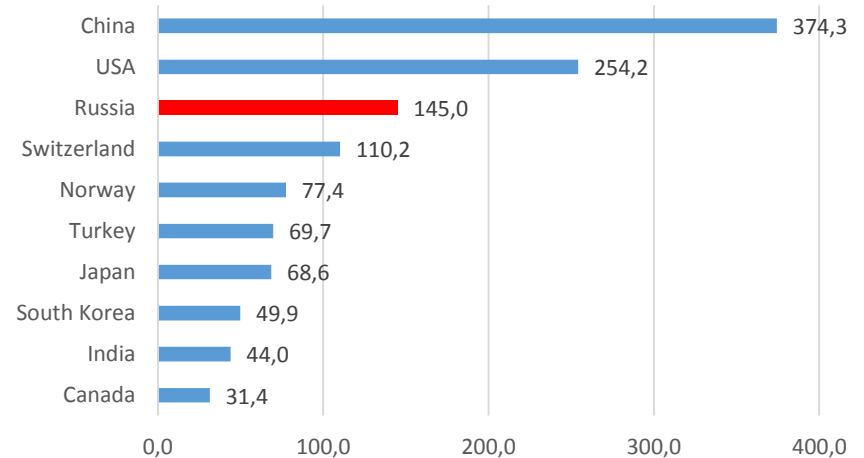
- Global Food Security
- Non-Proliferation of Nuclear Weapons / Iran-Deal (JCPoA)
- Peace in Middle East and Afghanistan
- Fighting international Terrorism
- Nuclear security and Disposal of Atomic Waste
- Raw Material Security / Ressourcing
- Climate Change
- Migration and Demographic Change
- Digitalisation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

EU main trading partners, 2017

EU Exports, bn Euro

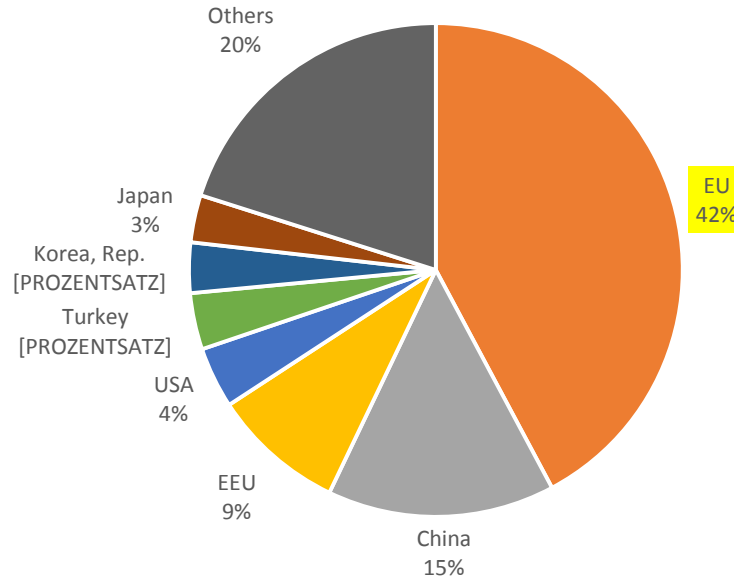


EU Imports, bn Euro



Russia's main trading partners

Russia's main trading partners 2017

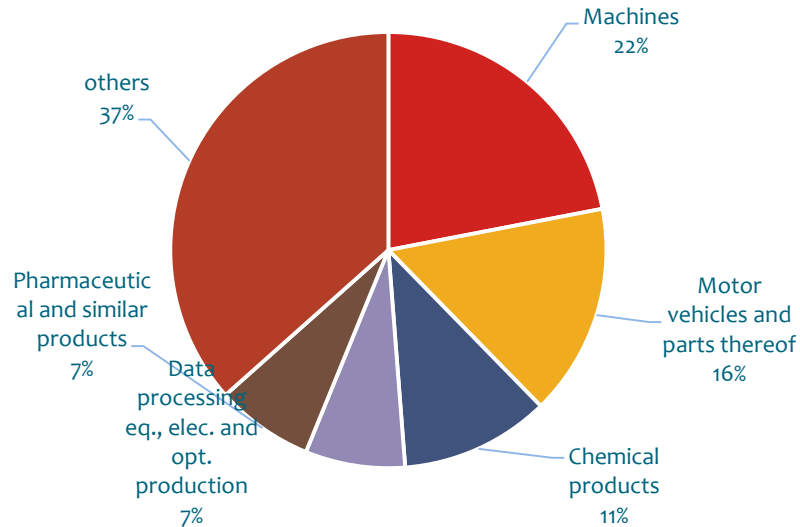


German-Russian trade: development

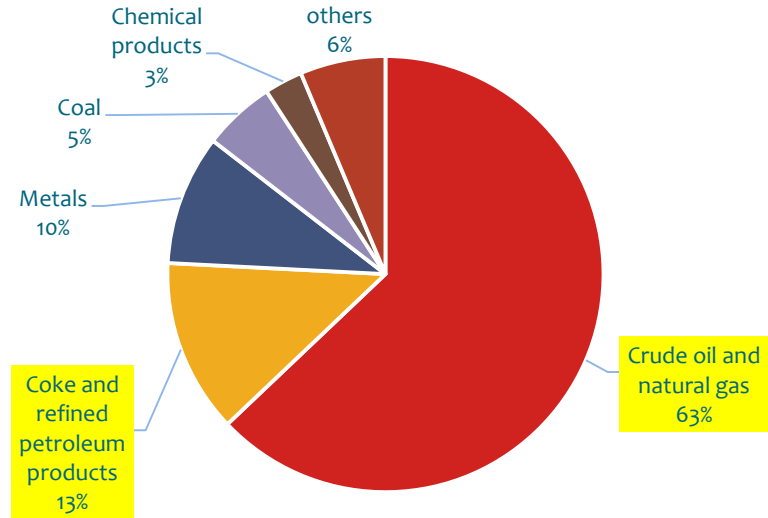


German-Russian trade: product groups (2017)

German exports: top 5 product groups



German imports: top 5 product groups



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



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



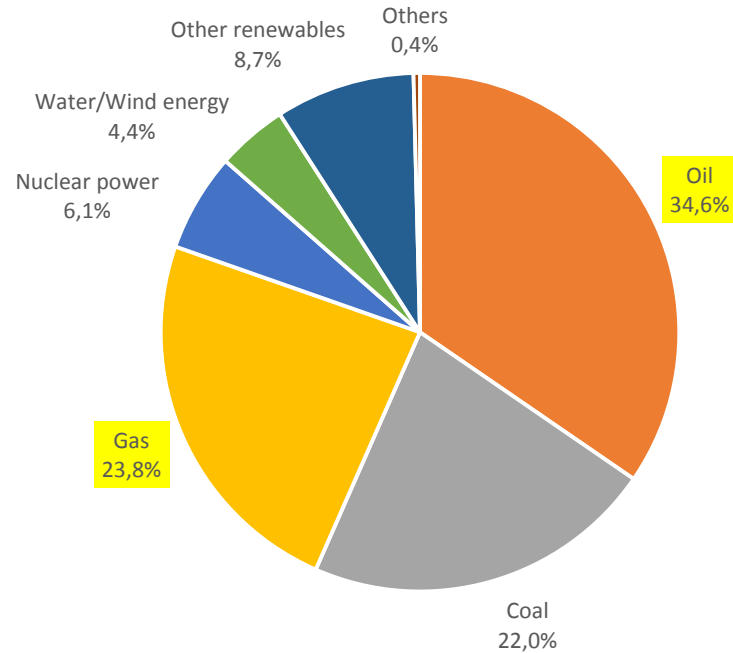
- Russian companies (Gazprom, Rosneft, Novatek) are important investors in Germany's energy infrastructure
- German companies (e.g. Uniper, Wintershall) are big investors in the Russian energy sector



- **Russian energy is competitive on the German/European market due to geographical proximity and pipeline systems!**

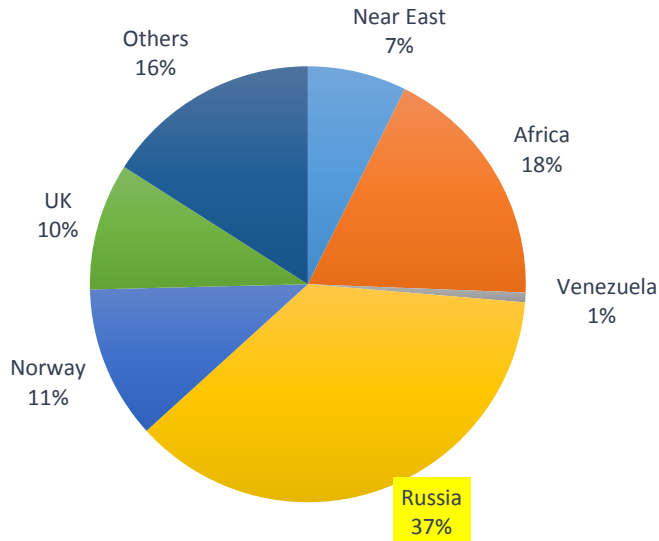
Germany's energy mix

Primary energy consumption 2017; in %

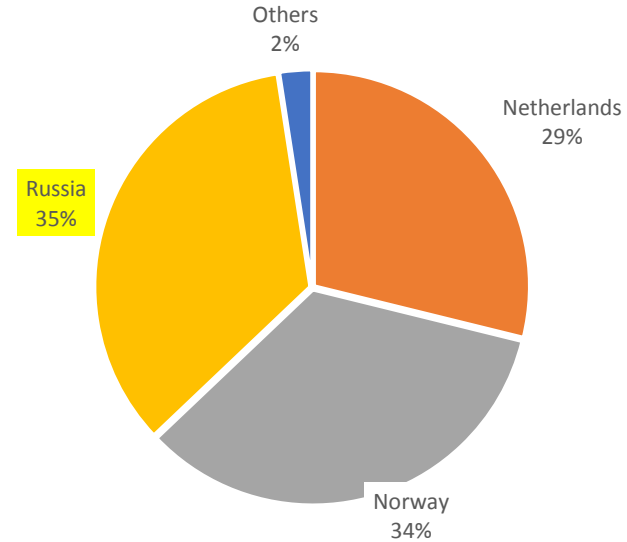


Germany's energy imports

Crude oil imports by region/country,
2017



Natural gas imports by country,
2015



Gas import options

Gasversorgung in Europa

■ Verdichterstation Werne

□ Speicher Rheden

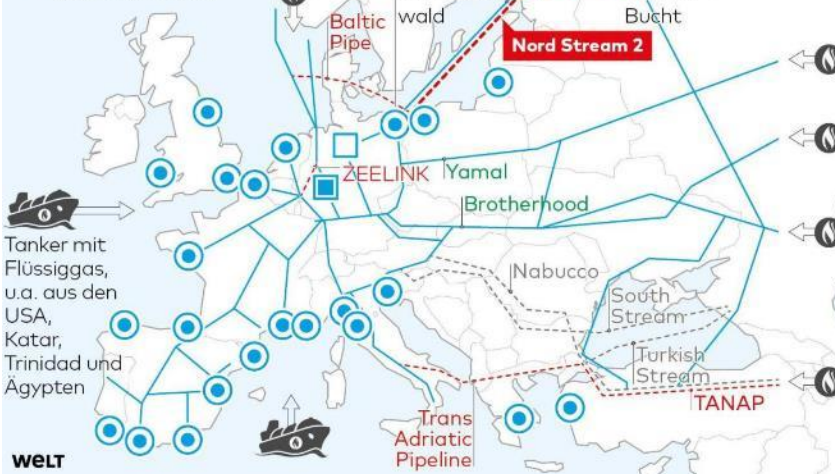
— bestehende Leitung

--- geplante Leitung

--- ehem. geplante Leitung

🔥 Pipelinegas

🌊 Flüssiggas-Hafen (LNG-Terminals)

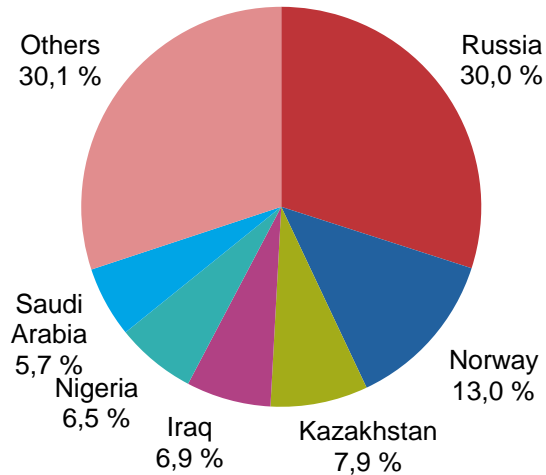


Tanker mit Flüssiggas, u.a. aus den USA, Katar, Trinidad und Ägypten

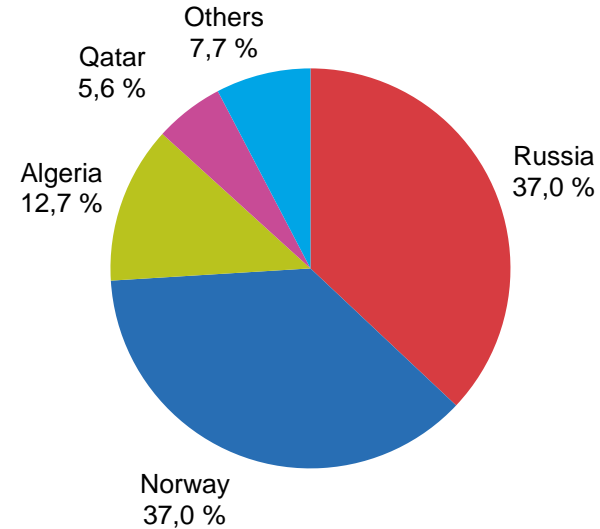
welt

Extra-EU imports of petroleum oil and gas (shares in value, 2017)

Oil imports, 2017



Gas imports, 2017



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:

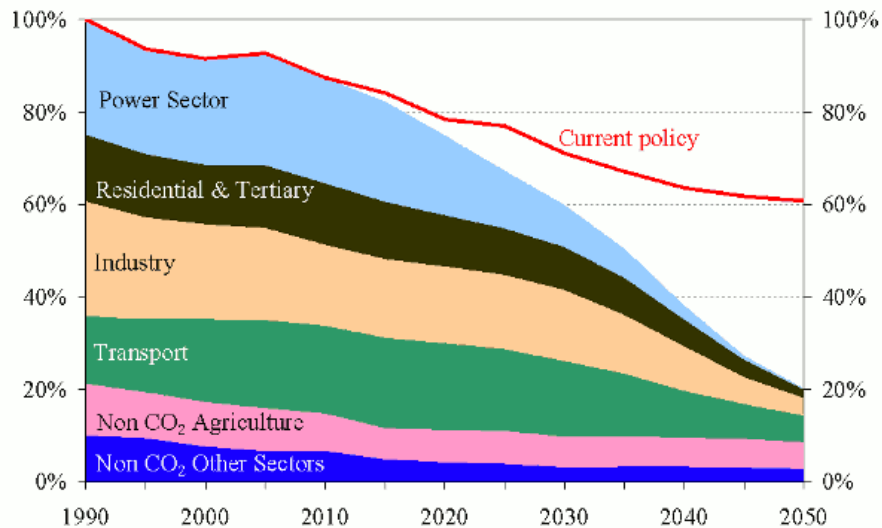
- boosting energy security
- creating a fully integrated internal energy market
- improving energy efficiency
- decarbonising the economy (by using renewable energy or gas as a bridge energy)
- supporting research, innovation and competitiveness

Targets for 2030:

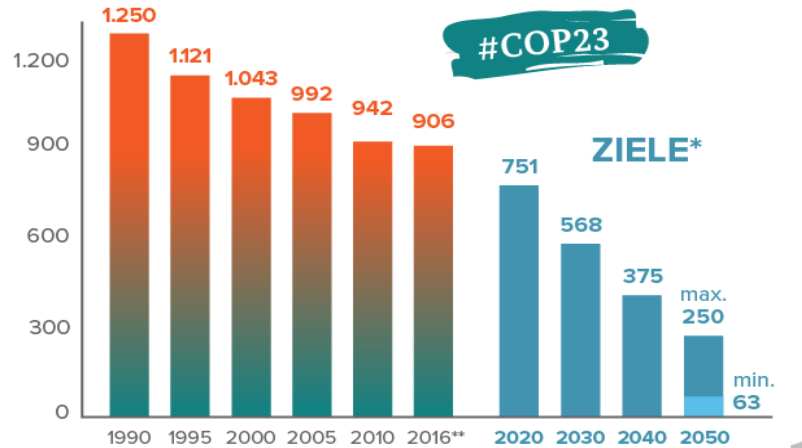
- a 40% cut in greenhouse gas emissions compared to 1990 levels
- at least a 27% share of renewable energy consumption
- indicative target for an improvement in energy efficiency at EU level of at least 27%

EU- Energy Security Strategy – Climate Goals

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
Merci
Danke
Hvala
pér
maith
raibh
Dziękuję
Go
Obrigado
Teşekkür
agat
ederim
Gracias
Mahalo
Köszönöm
Gracias
Gràcies
Sipas
Tack
Tak
Kiitos
Paldies
dekem
Obrigada
Dankewol
dankie
Grazie
Pakka
Misaotra
je
fyri
baie
Dank
Mulțumesc
Takk