1. Introduction

In order to improve the EU's energy security and EU-Russian relations in the field of energy both partners initiated the "EU-Russia Energy Partnership".

On the occasion of the sixth EU-Russia Summit (30th October 2000, Paris), it was agreed to institute an energy dialogue on a regular basis between the EU and Russia to enable progress to be made in the definition and arrangements for an EU-Russia Energy Partnership.

As noted in the Joint Declaration adopted at this Summit, the energy partnership "will provide an opportunity to raise all the questions of common interest relating to the sector, including the introduction of cooperation on energy saving, rationalisation of production and transport infrastructures, European investment possibilities, and relations between producer and consumer countries.

2. European Energy Sector

EU internal energy resources, which currently account for around half of EU energy consumption, are drying up, whereas consumption is increasing. If no action is taken in the next 20 to 30 years, the environmental impact of energy will be untenable and the EU's external energy balance will rise to a level of 70% on average, going up to 90% in the case of oil products. This situation makes the EU vulnerable, particularly on account of severe dependence on certain types of energy, such as oil and gas; in particular, the EU will become dependent on certain exporting countries such as Russia for natural gas and the Middle East for oil. Furthermore, energy production and consumption in fact account for almost all the man-made emissions of carbon dioxide into the atmosphere.

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3. The EU-Russia Energy Partnership

3.1 General Remarks

In order to improve the EU's energy security and EU-Russian relations in the field of energy both partners initiated the "EU-Russia Energy Partnership". On the occasion of the sixth EU-Russia Summit (30th October 2000, Paris), it was agreed to institute an energy dialogue on a regular basis between the EU and Russia to enable progress to be made in the definition and arrangements for an EU-Russia Energy Partnership. This energy partnership "will provide an opportunity to raise all the questions of common interest relating to the sector, including the introduction of co-operation on energy saving, rationalisation of production and transport infrastructures, European investment possibilities, and relations between producer and consumer countries. The planned ratification of the Energy Charter Treaty by Russia and the improvement of the investment climate will be important aspects in this context".

3.2 Why such a Partnership?

Russia and the European Union are natural partners in the energy sector. Some figures illustrate their interdependence in this field. Russian energy exports account, in value, for some 45% of exports to the EU. 53% of Russian oil exports (crude and products) of 181 million tonnes of oil equivalent (toe) were to the EU in 1999.

Some 63% (130 billion cubic metres (Bcm)) of Russia's natural gas exports of 205 Bcm were delivered to European countries in the year 2000, with contractual requirements to increase deliveries to around 200 Bcm by the year 2008. Approximately 56% (73 Bcm) of the natural gas exported to Europe in 2000 was delivered to the EU.

The energy sector in Russia represents a major opportunity both for foreign investment and for export revenues. The need for new capital in the sector has been estimated at between $460 and $600 billion by the year 2020.

Moreover the EU and Russia have a mutual interest in enhancing the overall energy security of the continent.

The energy dialogue is clearly being undertaken at the right time since both partners are defining the main orientations of their energy policies for the next 20 years. (cf. The Green Paper of the European Commission « To-

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