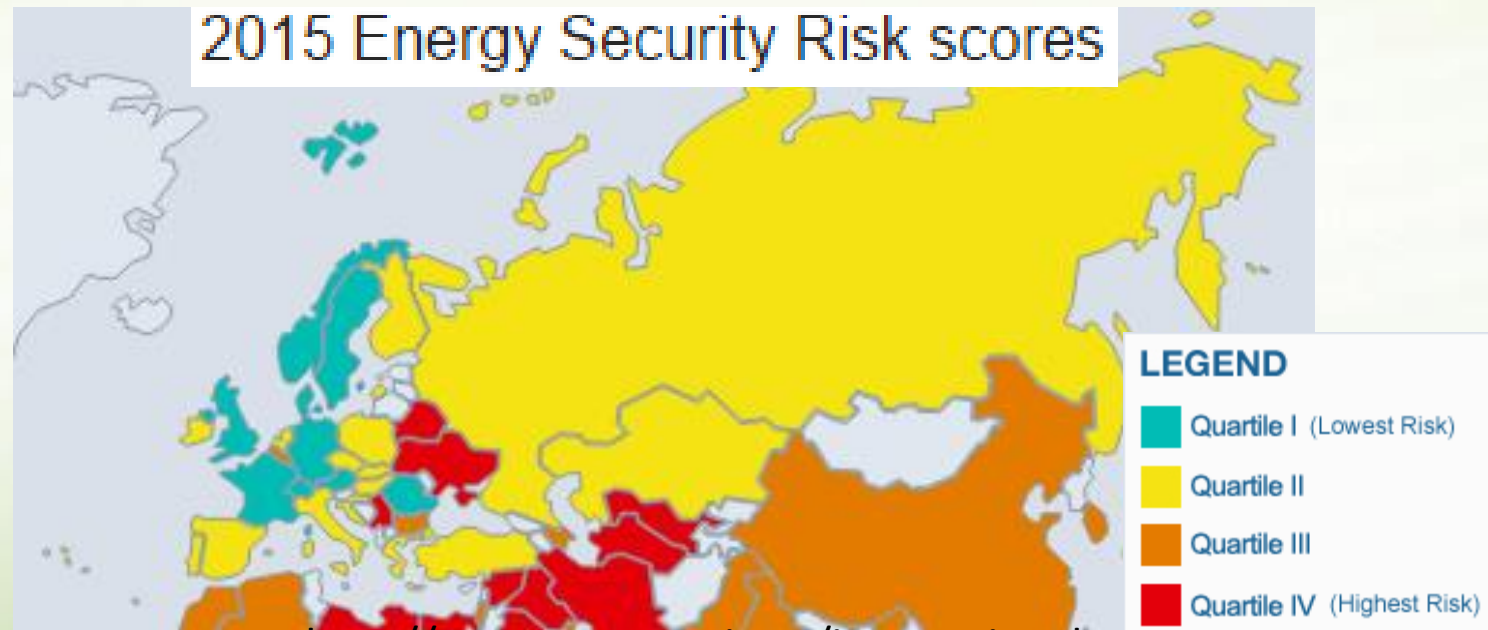




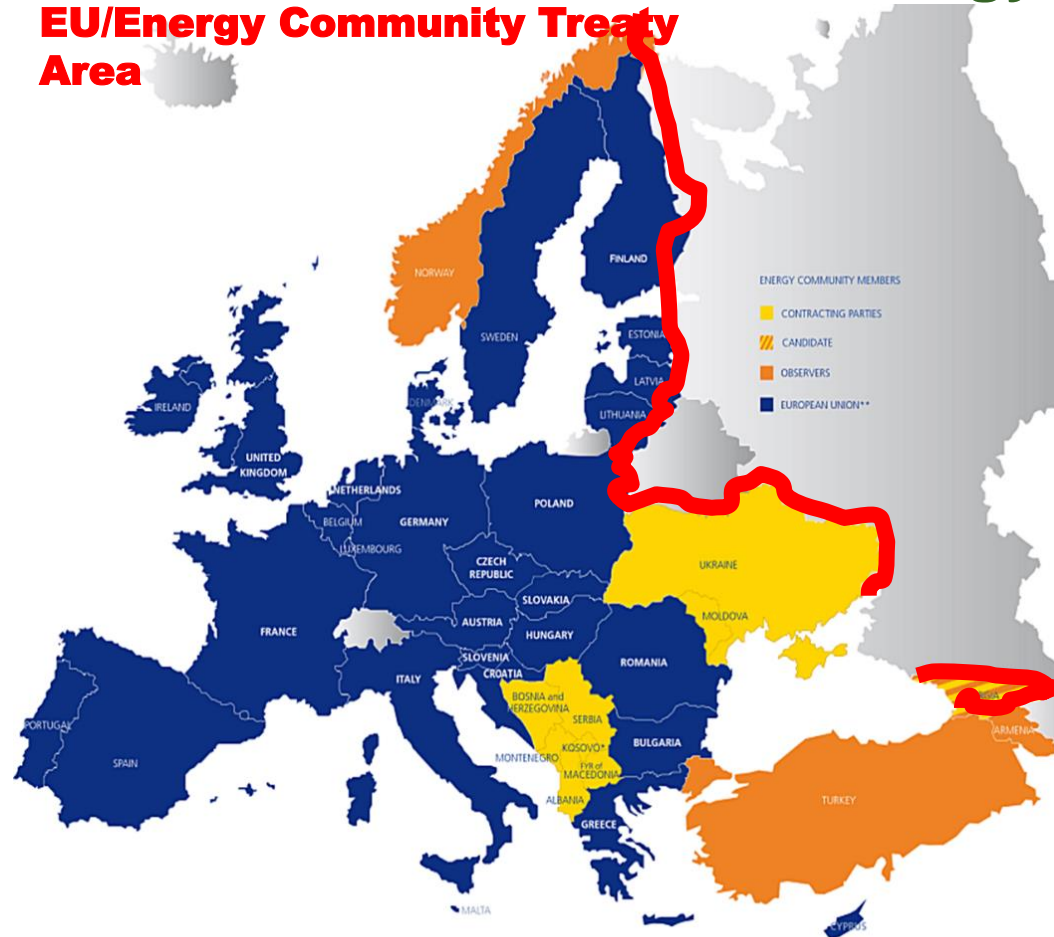
PERSPECTIVES OF RELATIONS BETWEEN ENERGY UNION AND UKRAINE



<http://www.energyxxi.org/international-energy-security-risk-index>

Energy Union as the future framework of relations in energy sector

EU/Energy Community Treaty Area



- Coherence of energy legislation creates common united energy market;
- “Single voice” in external energy relations;
- Eastern border of the Energy Community is a natural border of the Energy Union;
- Strong request to external suppliers to ensure free access to transportation routes for all interested parties.

Current EU-UA energy relations



- No binding agreements for gas supply and transit from Ukraine to the EU;
- Unilateral implementation of EU energy acquis without clear perspectives;
- No voice for Ukraine in energy policy development of the EU;
- Retroactive energy policy of the EU with main attention to the internal market;
- Low progress of energy cooperation within Eastern Partnership programme, no ambitious agenda for future cooperation;
- Absence of coordination for energy market development in gas and electricity sectors;
- Little access to European innovations and research in energy sphere.

Country's key energy security risks



- Continued aggression of Russia against Ukraine in form of hybrid warfare, including multidimensional utilization of energy dependence.
- Volatile gas prices and access to necessary volumes of imported gas.
- High dependence on credit resources and creditors for reforming energy sector.
- High penetration of Russian technologies, capital and owners into Ukrainian energy sector.
- Among internal following factors play decisive role:
 - High resistance of oligarchic groups to reformation of energy sector.
 - Corruption.
 - Cross-subsidies for consumed energy.
 - Short-term governmental policies to fill state budget on the expense of sustainable development of domestic production.



Non-binding commitments of the EU



- Official indication of the cooperation framework and area, covered and protected by European energy legislation;
- Acceptance and support for European approach toward operation of energy transportation infrastructure in Ukraine both for Russian and EU energy companies (TSO agreements, shipper codes, entry-exit mode);
- Access to European energy policy development, projects of common interest and financial support;
- Trilateral energy negotiations on future cooperation in gas sector with Russia after 2019;
- Strong common voice against monopolists and bypass transportation routes for Russian gas.

Scenarios of EU-EaP future energy relations

Failed cooperation EU/EaP within Energy Union	Successful cooperation EU/EaP within Energy Union
Reduction of energy market, ruled by common rules	Enlargement of energy market, ruled by common rules
Less stability of energy supply to certain EU Member States	Higher stability of energy supply to all EU Member States
Strengthened dominance of monopolistic suppliers vs. consumers	Strengthened position of consumers vs. suppliers, enforcement to commonly acceptable rules
Enhanced applicability of “divide and rule” approach by suppliers	Less space for bilateral negotiations, wider applicability of single market instruments
Segmentation of EU Member States by privileged and non-privileged relations with Russia	Acceleration of united gas market
Weakening of the EU institutional bodies leading role in energy sector	Enhancement of the EU role in global energy market



THANK YOU FOR ATTENTION!

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