

**Euro-Arab Gas Forum**

**The European Gas Market and  
Security of Supply – New Trends**

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**euro  gas**  
THE EUROPEAN UNION OF THE NATURAL GAS INDUSTRY

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## **1) Presentation of Eurogas:**

- Eurogas is a non-profit organization
- Industry Association
- The Forum and Ambassador of the European natural gas companies
- Eurogas is based in Brussels

The organization is composed of members from 27 countries:

- natural gas companies,
- federations of natural gas companies,
- and one international organization.



## Some Key Areas of Interest for Eurogas:



Eurogas is a non profit association located in Brussels

Eurogas is promoting:

- the interests of its membership
- development of the natural gas industry in Europe
- cooperation within the gas industry
- smooth functioning of the European internal gas market
- Dialogue with producing countries

➤ Sustainable Economy and natural gas

➤ Key studies, statistics and forecasts

➤ Competitiveness

➤ Security of Supply → The Energy Strategic Review ("SEER II")

- Gas Coordination Group, Berlin Fossil Fuel Forum
- Relations with producing and transit countries
- Diversity of energy sources: role of natural gas in a diversified energy mix
- LNG

➤ Internal Market → The Third Energy Package

- Implementation
- Regulatory Forum of Madrid
- Gas Regional Initiative

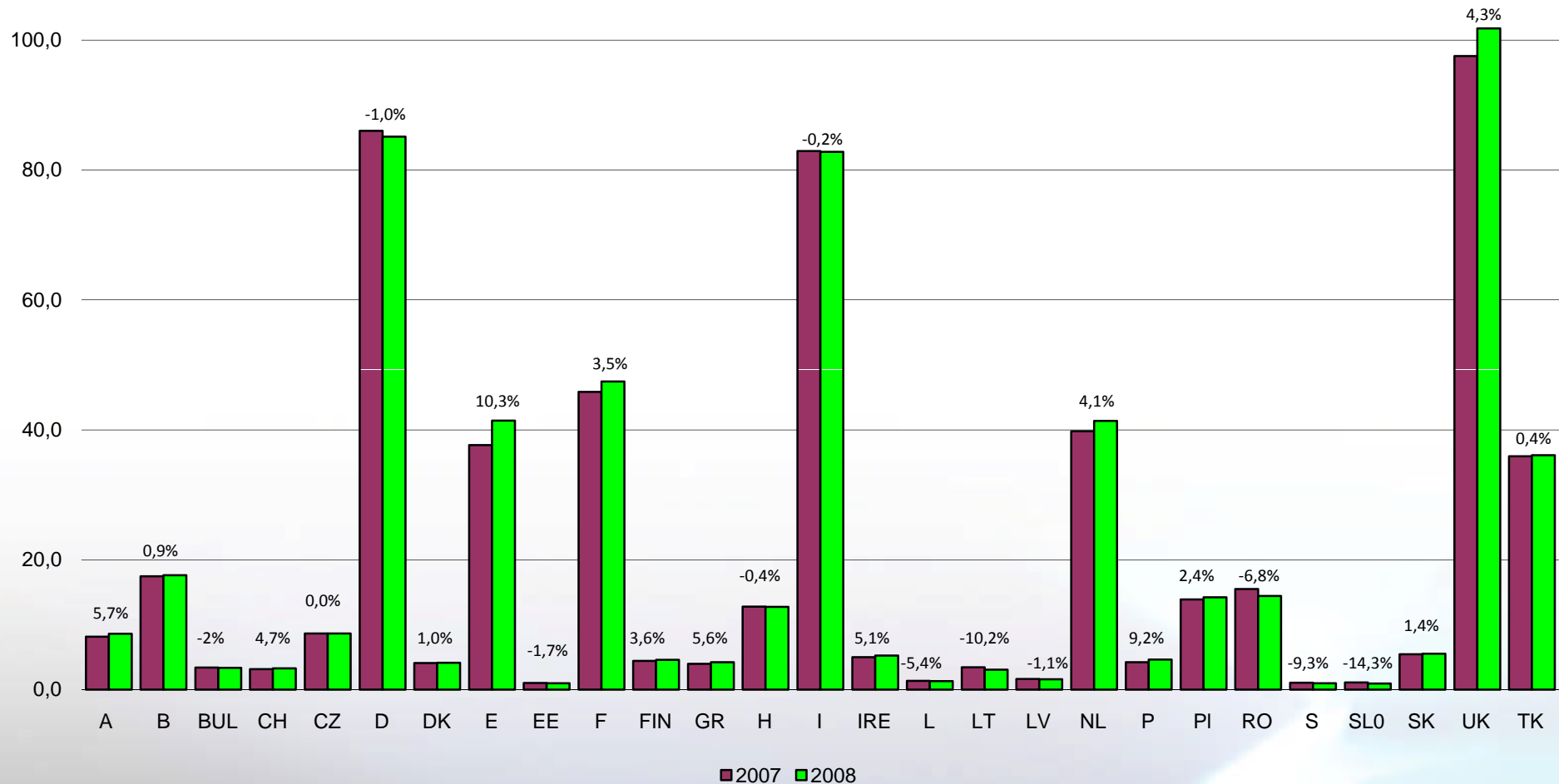
➤ Climate Change and Energy Efficiency – Climate/Energy package

➤ Customer focus – London Forum

➤ EU Social Dialogue for Natural Gas

## 2) Eurogas views on the future evolution of natural gas in EU

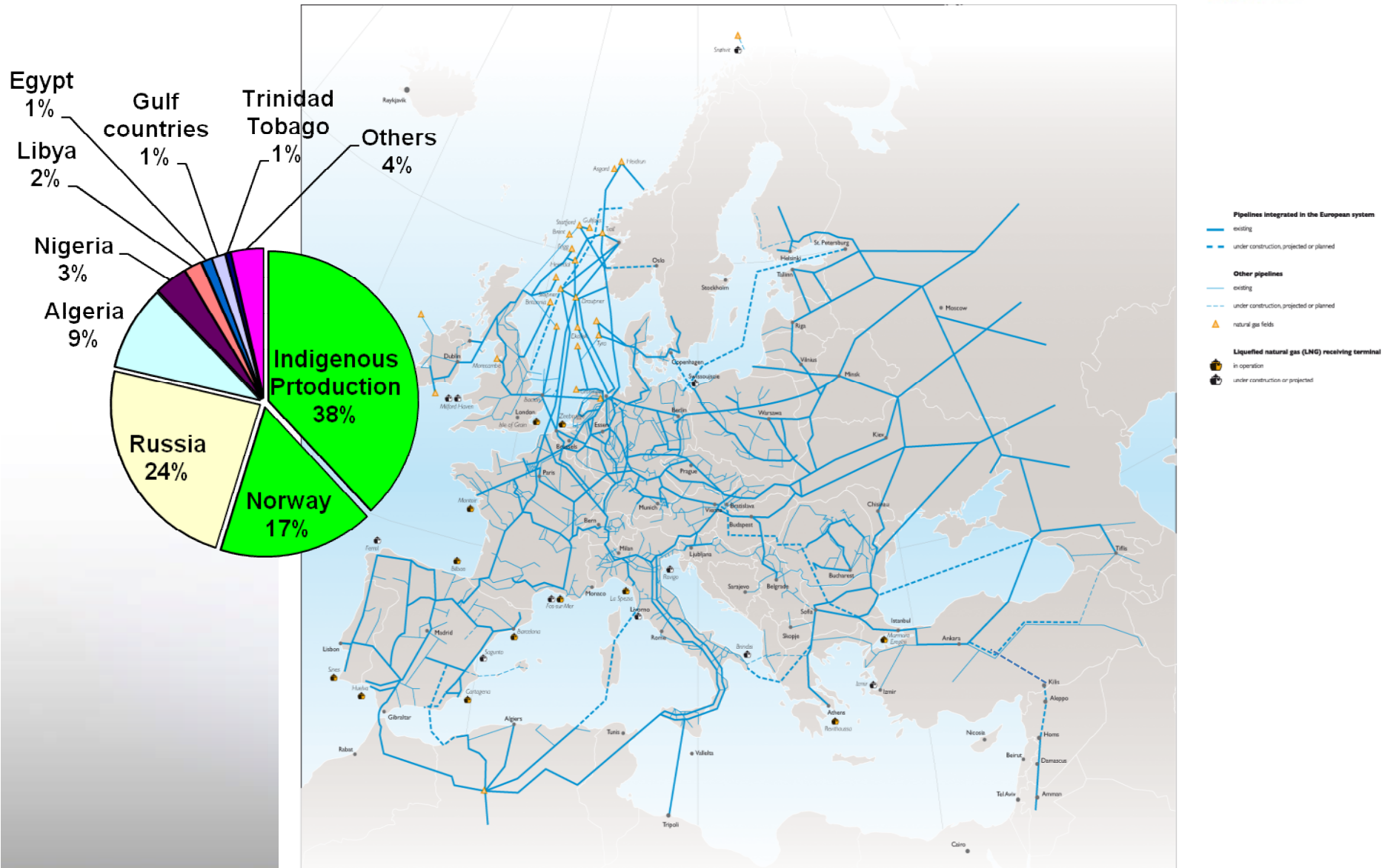
## Evolution of Natural Gas Consumption in 2007 and 2008



### Consumption:

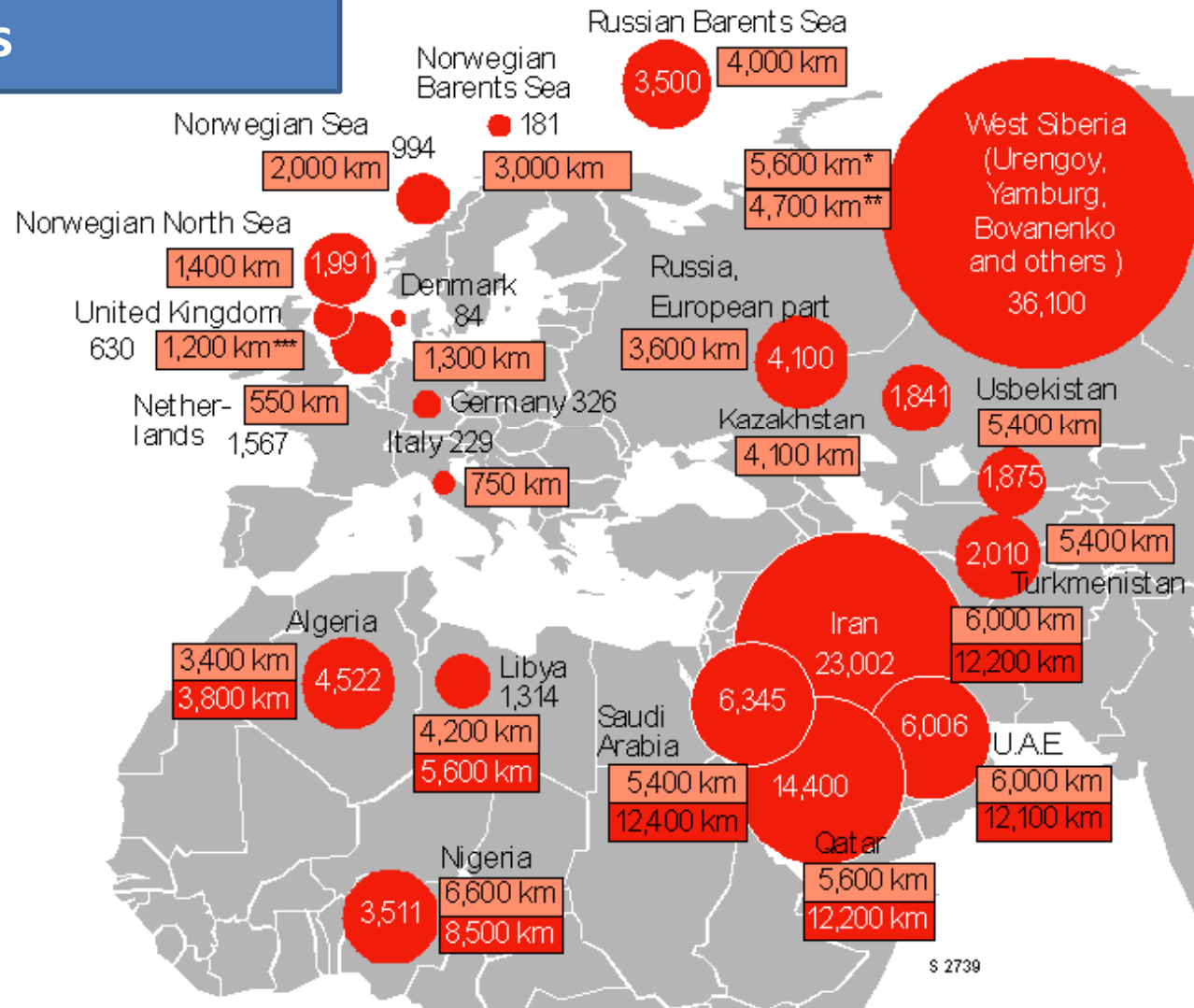
General increase in EU27 + Switzerland + Turkey: +2,1% (2008 compared to 2007)

# Breakdown of EU27 supplies in 2007



# Natural Gas reserves and supply distances

billion m<sup>3</sup>  
 Pipelines to Frankfurt/Main  
 LNG to Wilhelmshaven



\*Yamburg Area  
 \*\*Yamal Peninsula  
 \*\*\*northern area  
 1 m<sup>3</sup> = 11.5 kWh  
 Source for natural gas reserves: Oil and Gas Journal,  
 Norwegian Petroleum Directorate, others

Source: E.ON Ruhrgas AG

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### **3) Second Strategic Energy Review – Focus on Security of Supply and External Relations**

**⇒ SOS and external relations should be considered together**

## Views on the external EU energy policy:

Eurogas supports the EU objective of a common energy policy as long as it is “coherent (backed up by all Union policies, the Member States and industry)” and “focused (initiatives where Union,-level action can have impact in furthering its interests)”. We support the following objectives for the European energy policy:

- improving the investment climate for European companies in third countries
- promoting transparency and improved governance
- improving production and export capacities in producer countries
- improving conditions for trade through non-discriminatory transit and TPA
- enhancing physical and environmental security and infrastructure safety
- encouraging energy efficiency
- Diversifying energy imports by product and country

*The points are extracted from the Commission's Paper "An external policy to serve Europe's energy interests", as presented in the 30 May 2006 Council*

# Eurogas views on SOS



The principle elements to approach SOS should be:

- Further development of the internal market with improved interconnections
- Diversification of suppliers and supply routes to Europe
- Investments in pipelines, LNG terminals and commercial storages
- Strengthening the energy dialogues with producers and transit countries at EU level, respecting that it is the companies' responsibility to conduct commercial relations with suppliers.

We recommend therefore the following actions:

- Present a yearly review on the status and evolution of all dialogues with third countries where energy matters are discussed;
- Establish a list of priority dialogues with the main gas producers for which the industry will be consulted and informed;
- Engage in transparent dialogues with transit countries involving the European gas industry;
- To promote the exchange of information on supply/demand forecasts in dialogues with producing countries
- Use the dialogues to focus on technology transfer and involve the European gas industry in the creation of energy technology centers
- Promote energy efficiency in the energy dialogues

## 4) Recent Gas crisis and consequences

## Recent gas crisis conclusions



- Severe crisis, but effective mitigation measures taken in short time
- Special situation in countries like Bulgaria and Slovakia
- All instruments were activated by gas companies
  - Interruptible contracts
  - Storages
  - Diversification of supplies and transport routes (ex: reverse flow)
  - LNG

### Consequences:

- Damage to natural gas image and competitiveness
- Public perception and awareness of SOS
- Companies portfolios => seeking economic efficiency optimisation
- Number of companies move both upstream and downstream
- Role of storage
- Diversification of sources and transit routes
- Energy companies are major drivers for investment



**Lessons are now drawn at industry levels**

**5) The EU-Arab Dialogue as a factor of Economic Development and joint Energy Security**

## The Euro-Arab Dialogue

- Energy and natural gas will play a growing role as factors of human and economic development and cooperation
- Energy interdependence should be seen as an asset to the economic development of European and Arab partners and not a threat
- The Arab area is a factor of diversity of supplies to Europe, hence security

## The Euro-Arab Dialogue

- European companies are major drivers for
  - Trade expansion
  - Investment in upstream (e.g. production and transport infrastructures)
  - Technology transfers
- However general financial/economic climate make things more challenging
- We need to build political and entrepreneurial confidence:
  - Importance of legal and economic stable/predictable environment (incl. LTC, J.V.s and production partnerships, access to infrastructures, etc.)

**Thank you for your attention!**

**[www.eurogas.org](http://www.eurogas.org)**