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# CONTEXTE ET PANORAMA DU MARCHÉ DU GAZ

## DEMANDE DE GAZ EN EUROPE À MOYEN TERME

Convention AFG «Bilan et perspectives gazières»

Paris – 18 mars 2015

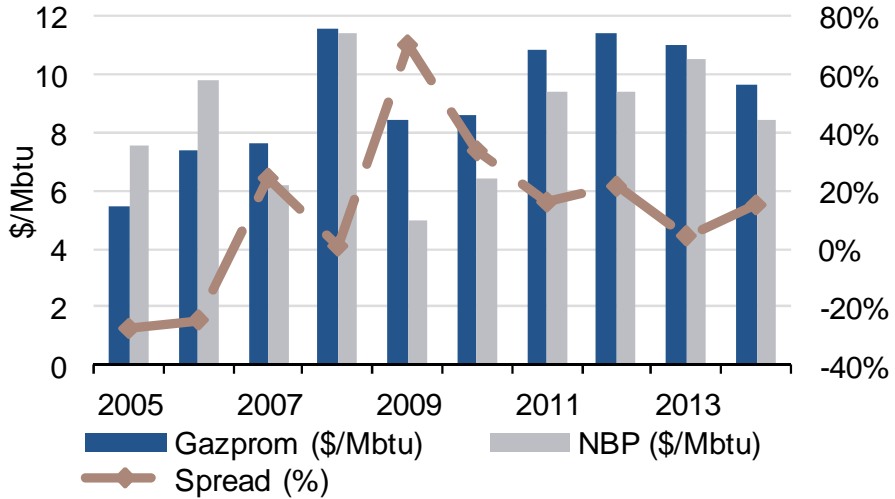
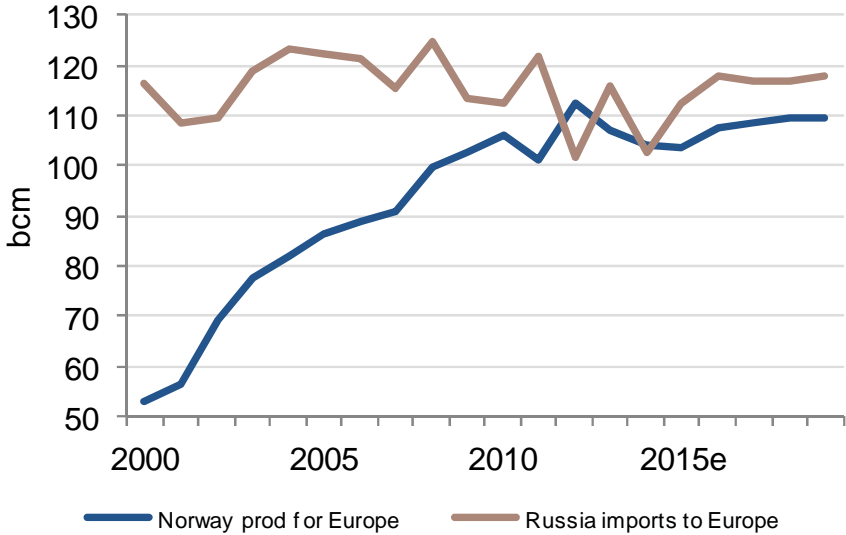
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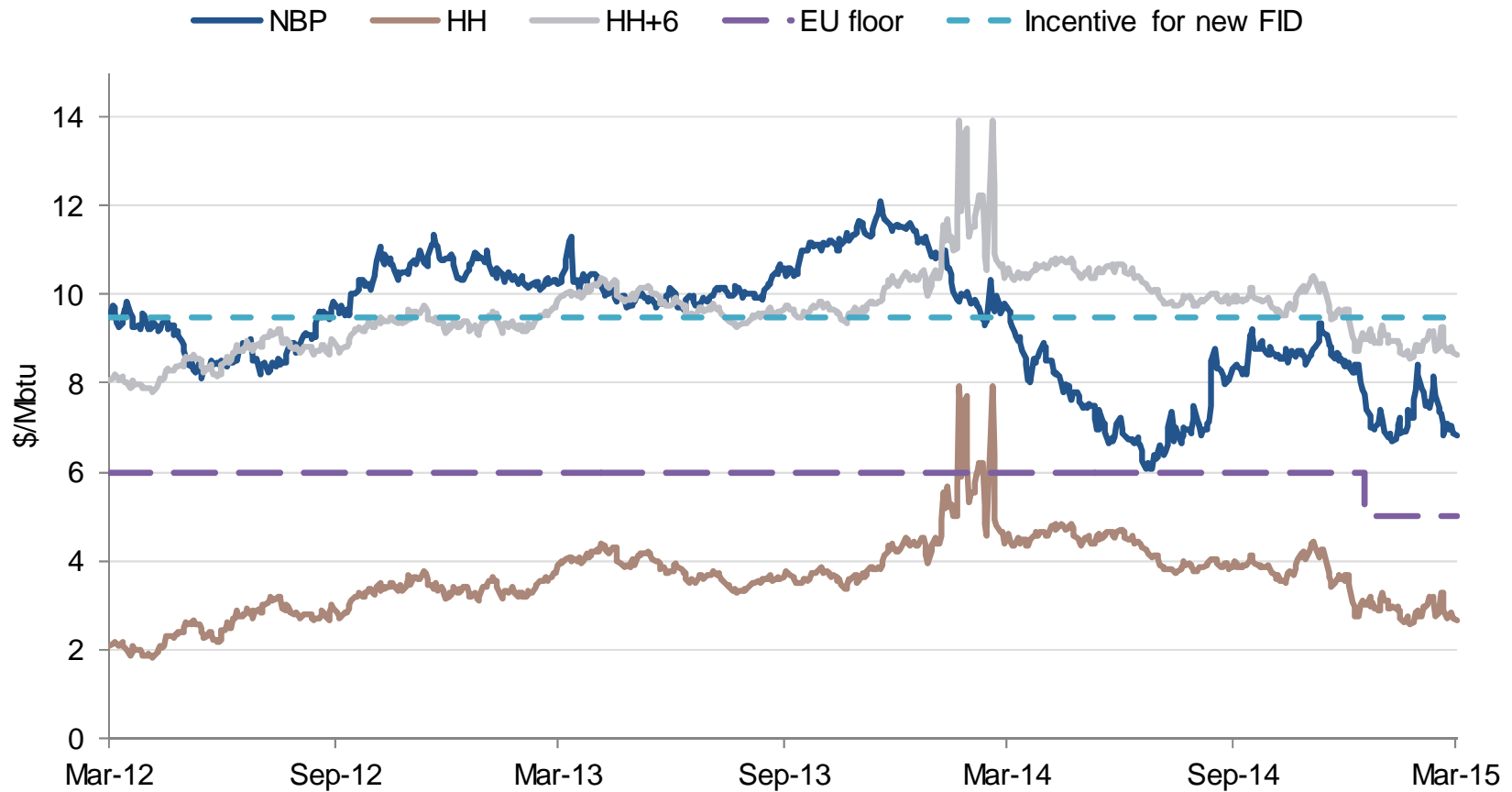
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# 2 MAJOR PRODUCERS HAVE MARKET POWER...



Source: SG Cross Asset Research/Commodities, Gazprom, IEA, Datastream

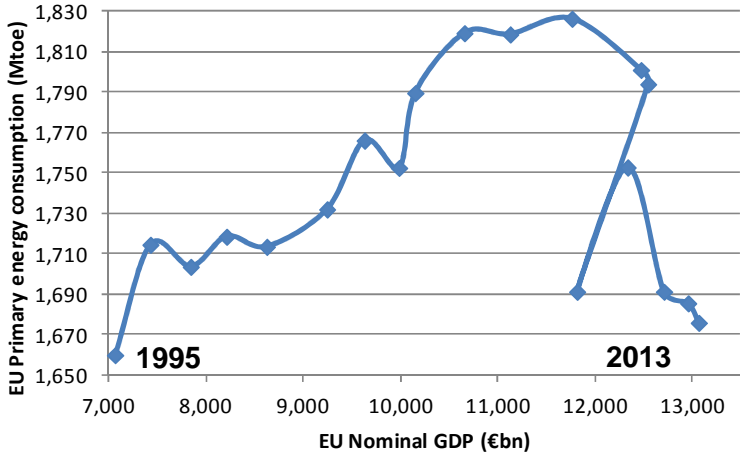
## ...AND ARE NOT INTERESTED IN VOLUME GROWTH IN EUROPE



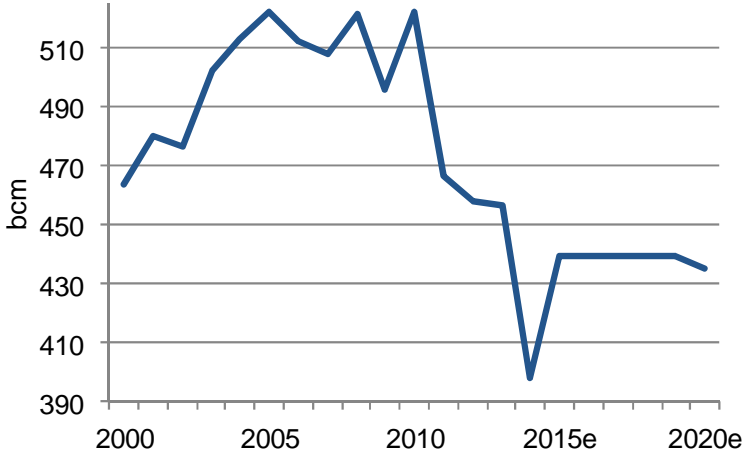
Source: SG Cross Asset Research/Commodities, Datastream

# EUROPE: NO ENERGY DEMAND GROWTH

**EU Primary energy consumption**  
**Down since 2006**



**European gas demand**  
**In terminal decline**



**In this no-demand-growth world, Gazprom’s strategy is to delay alternative supply**

**On top of the structural decline, the tense UE-Russia relations will not favour gas**

Source: SG Cross Asset Research/Commodities, BP Statistical Review, Eurostat, IEA

# RUSSIA-UKRAINE-EU: AN UNSTABLE MÉNAGE À TROIS



Source: SG Cross Asset Research/Commodities

# ENERGY UNION

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## ■ The biggest change since the 1951 Coal and Steel Community Treaty

- ▶ <http://ec.europa.eu/avservices/play.cfm?ref=1098040&videolang=EN+EN&off=1>
- ▶ *Pool resources, connect infrastructures, diversify energy sources, reduce energy dependence and unite in order to strengthen EU negotiating power vis-à-vis third countries*

### ● Energy security, solidarity and trust

- ▶ The Commission will assess options for voluntary demand aggregation mechanisms for collective purchasing of gas during a crisis and where Member States are dependent on a single supplier
- ▶ When the conditions are right, the EU will consider reframing the energy relationship with Russia based on a level playing field in terms of market opening, fair competition, environmental protection and safety, for the mutual benefit of both sides

### ● A fully integrated energy market

- ▶ Citizens take ownership of the energy transition and benefit from new technologies to reduce their bills

### ● Energy efficiency contributing to moderation of demand

- ▶ 2030 indicative target (EU level): at least 27% for improving energy efficiency (compared to projections)

### ● Decarbonisation of the economy

- ▶ 40% cut in greenhouse gas emissions compared to 1990 levels
- ▶ The cornerstone of Europe's climate policy is a well-functioning EU Emissions Trading System
- ▶ Becoming the number one in renewables (27% for the share of renewable energy in the mix in 2030)

### ● Research, Innovation and Competitiveness

Source: SG Cross Asset Research/Commodities, EU Commission

# EU ENERGY POLICY: FAILURE OR SUCCESS?

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## Failures?

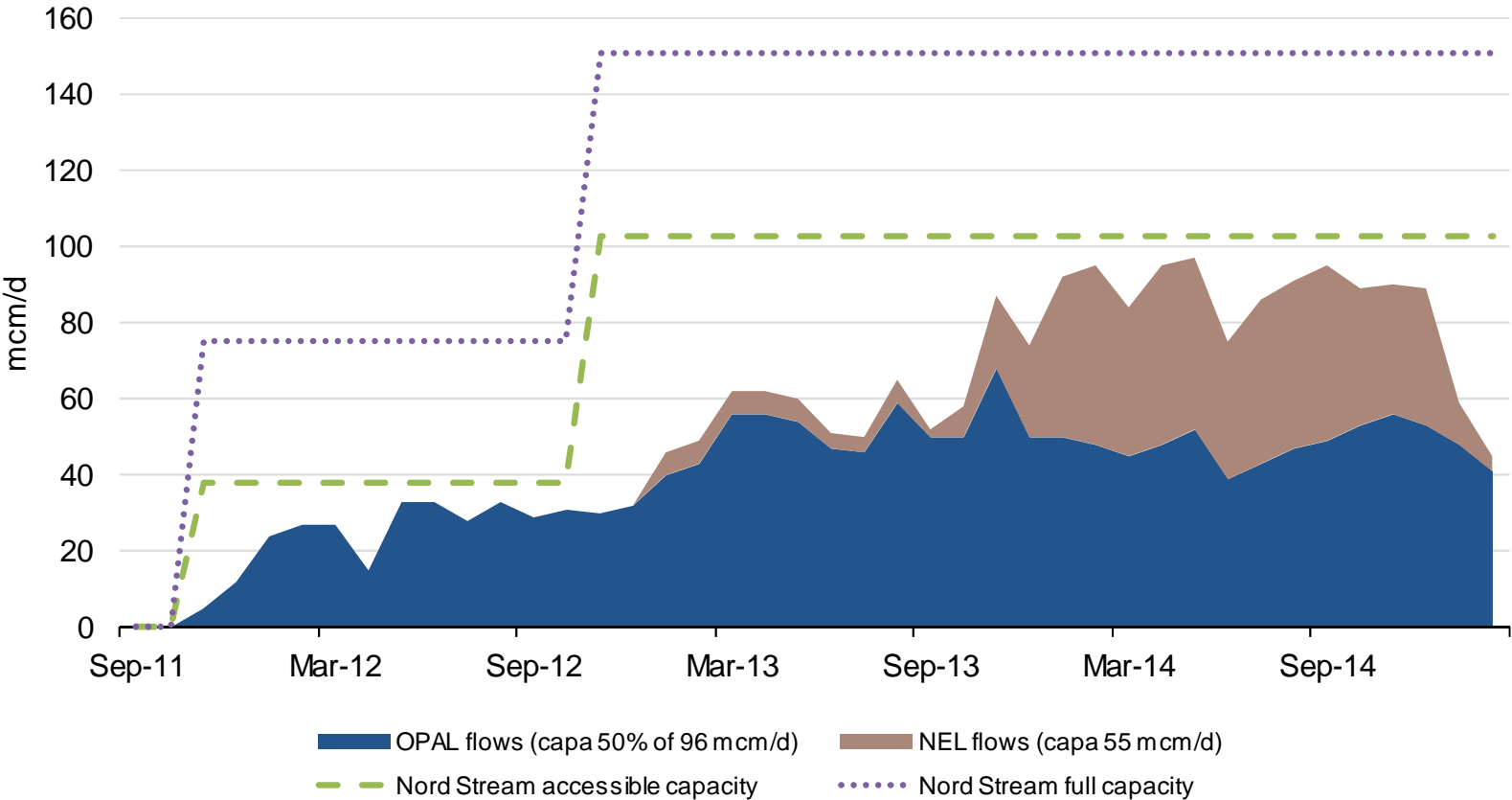
- **Europe provides gas rent to Russia**
  - Europe is facing less secure and more expensive gas than the US
- **Europe provided oil rent to OPEC**
- **Europe provides renewable rent to China**
  - States' spending on renewable deployment is largely superior to R&D expenditures

## Successes?

- **20-20-20 targets in 2020**
- **In June 2014, Gazprom accepted Lithuania's offer and sold its stakes in two gas distribution companies**
- **In December 2014, BASF and Gazprom agreed that they would not complete the asset swap signed in December 2013 (intended to allow Gazprom to increase its stakes in European gas trading and storage companies as well as receive some North Sea exploration and production)**
- **On 1 December 2014, President Putin unexpectedly announced that Russia was abandoning South Stream**

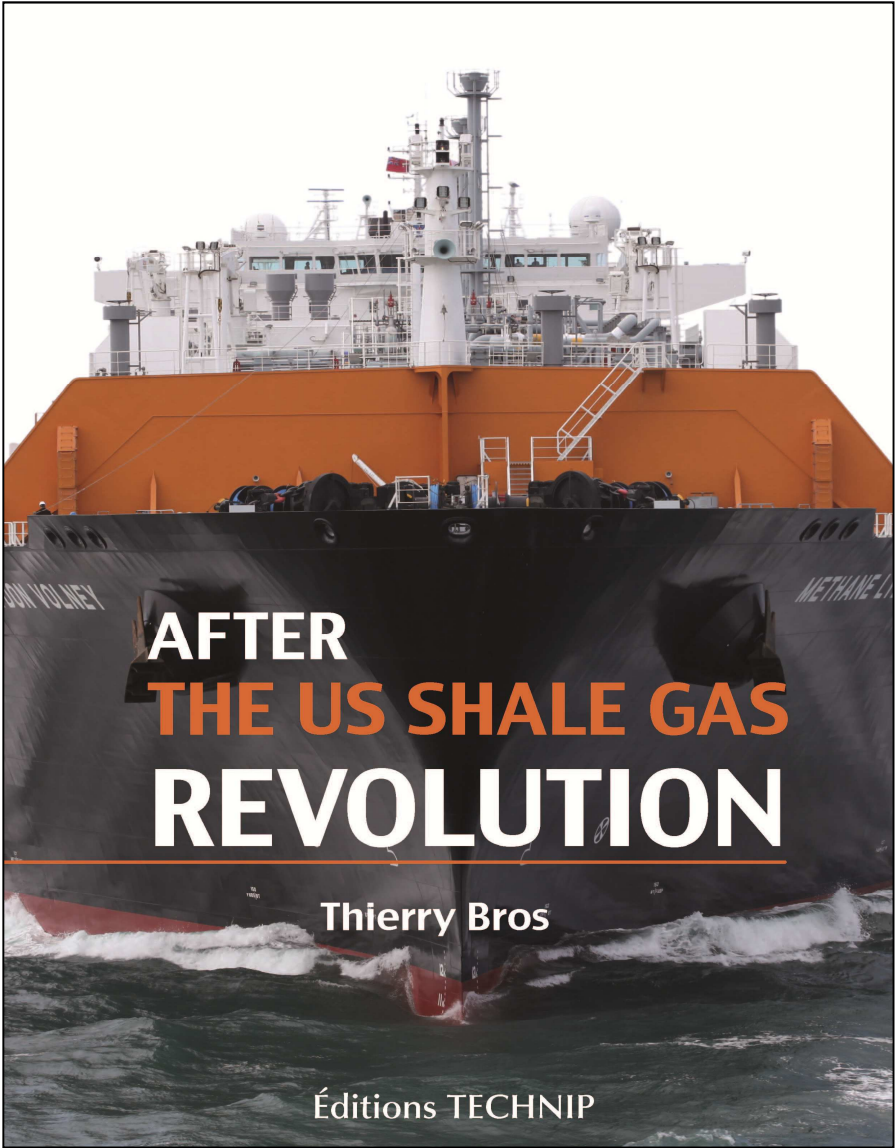
**Gazprom will maintain market power in Europe, but its power should be weaker than anticipated in the downstream market and in LNG**

# GAZPROM FAILED TO GET AN EU EXEMPTION TO FULLY USE OPAL



Source: SG Cross Asset Research/Commodities





# APPENDIX - DISCLAIMER

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