



CENTRE FOR EUROPEAN REFORM

PIPELINES, POLITICS AND POWER

The future of EU-Russia energy relations

Pavel Baev, Vaclav Bartuska, Christian Cleutinx,
Clifford Gaddy, Roland Götz, Daniel Gros, Barry Ickes,
Andrey Konoplyanik, Konstantin Kosachev, Tatiana
Mitrova, Andris Piebalgs, Jeffery Piper, Pawel Swieboda,
Dmitri Trenin and Sergey Yastrzhembsky.
Edited by Katinka Barysch





CENTRE FOR EUROPEAN REFORM

about the CER

The Centre for European Reform is a think-tank devoted to improving the quality of the debate on the European Union. It is a forum for people with ideas from Britain and across the continent to discuss the many political, economic and social challenges facing Europe. It seeks to work with similar bodies in other European countries, North America and elsewhere in the world.

The CER is pro-European but not uncritical. It regards European integration as largely beneficial but recognises that in many respects the Union does not work well. The CER therefore aims to promote new ideas for reforming the European Union.

Director: CHARLES GRANT

ADVISORY BOARD

- GIULIANO AMATO..... Former Italian Prime Minister
- ANTONIO BORGES..... Former Dean of INSEAD
- NICK BUTLER (CHAIR)..... Director, Centre for Energy Security & Sustainable Development, Cambridge
- IAIN CONN Group Managing Director and Chief Executive, Refining & Marketing, BP p.l.c.
- LORD DAHRENDORF Former Warden of St Antony's College, Oxford & European Commissioner
- VERNON ELLIS..... International Chairman, Accenture
- RICHARD HAASS..... President, Council on Foreign Relations
- LORD HANNAY..... Former Ambassador to the UN & the EU
- LORD HASKINS Former Chairman, Northern Foods
- FRANÇOIS HEISBOURG..... Senior Adviser, Fondation pour la Recherche Stratégique
- WOLFGANG ISCHINGER..... Global Head, Government Affairs, Allianz
- LORD KERR..... Chairman, Imperial College London and Deputy Chairman, Royal Dutch Shell plc
- CAIO KOCH-WESER..... Vice Chairman, Deutsche Bank Group
- IORELLA KOSTORIS PADOA SCHIOPPA..... Professor, La Sapienza University, Rome
- RICHARD LAMBERT..... Director General, The Confederation of British Industry
- PASCAL LAMY..... Director General, WTO and Former European Commissioner
- DAVID MARSH..... Chairman, London & Oxford Group
- DOMINIQUE MOÏSI..... Senior Adviser, Institut Français des Relations Internationales
- JOHN MONKS..... General Secretary, European Trade Union Confederation
- BARONESS PAULINE NEVILLE-JONES..... National Security Adviser to the leader of the opposition
- CHRISTINE OCKRENT..... Deputy Director General, Audiovisuel Extérieur de la France
- STUART POPHAM..... Senior Partner, Clifford Chance
- WANDA RAPACZYNSKI..... Former President of Management Board, Agora SA
- LORD ROBERTSON..... Deputy Chairman, Cable and Wireless and Former Secretary General, NATO
- KORI SCHAKE..... Adviser to the McCain Presidential Campaign
- LORD SIMON Former Minister for Trade and Competitiveness in Europe
- PETER SUTHERLAND..... Chairman, BP p.l.c. and Goldman Sachs International
- LORD TURNER Chairman, Financial Services Authority
- ANTÓNIO VITORINO..... Former European Commissioner
- IGOR YURGENS..... Chairman of the Board, Bank Renaissance Capital

Pipelines, politics and power

The future of EU-Russia energy relations

**Pavel Baev, Vaclav Bartuska,
Christian Cleutin, Clifford Gaddy,
Roland Götz, Daniel Gros, Barry Ickes,
Andrey Konoplyanik,
Konstantin Kosachev, Tatiana Mitrova,
Andris Piebalgs, Jeffery Piper,
Pawel Swieboda, Dmitri Trenin and
Sergey Yastrzhembsky.**
Edited by Katinka Barysch

EDITOR'S ACKNOWLEDGEMENTS

I am extremely grateful to the experts, officials and politicians who have contributed to this report through their profound knowledge, sharp analysis and enlightening opinions. I would particularly like to thank them for their patience and co-operation during the editing process. Combining 15 different essays in a short and readable volume required much shortening and simplification, as well as the addition of explanations and footnotes. I take full responsibility for any errors that have crept in in the process. Most of the authors would like to stress that the views they put forward here are their own, and are not necessarily representative of the organisations or institutions they work (or have worked) for. I would also like to thank my colleagues at the CER for their help with editing and proof-reading, in particular Charles Grant, Clara O'Donnell and Bobo Lo. And as always a special thanks to Kate Mullineux for layout and production. Finally, the CER's work on Russia would not be possible without the kind support of the German Marshall Fund of the US, BP and Shell.



Contents

Editor's acknowledgements

1	Introduction <i>Katinka Barysch</i>	1
2	Energy geopolitics in Russia-EU relations <i>Dmitri Trenin</i>	15
3	The EU-Russia Energy Dialogue <i>Christian Cleutinix and Jeffery Piper</i>	25
4	Trust, not double standards: What Russia expects from the EU <i>Sergey Yastrzhembsky</i>	35
	Box: Putting flesh on the bones of energy solidarity <i>Pawel Swieboda</i>	40
5	Do we have a shared future in energy? <i>Konstantin Kosachev</i>	45
6	Win-win co-operation is possible in energy <i>Andris Piebalgs</i>	53
	Box: First responsibility, then solidarity <i>Vaclav Bartuska</i>	57
7	Russia's slowing production: Policy failure or strategic decision? <i>Clifford Gaddy and Barry Ickes</i>	61
8	Dynamic development in Russia's gas sector <i>Tatiana Mitrova</i>	71
	Box: The money benefits of diversification <i>Daniel Gros</i>	79

9	Asia-Pacific and LNG: The lure of new markets <i>Pavel Baev</i>	83
10	A pipeline race between the EU and Russia? <i>Roland Götz</i>	93
	Box: What is the Energy Charter? <i>Andrey Konoplyanik</i>	103
11	Regulating energy relations: <i>Acquis</i> or Energy Charter? <i>Andrey Konoplyanik</i>	107

Maps, graphs and table

Russian oil and natural gas at a glance	12
Gas consumption, EU and Former Soviet Union, 1997-2007	56
Russian oil output, 1970-2007	63
Government-proposed Far East oil and gas pipelines	91
Primary Russian oil and gas pipelines to Europe	92
Predicted Russian natural gas exports to non-CIS countries	95
Common rules for evolving Eurasian energy market: Energy Charter Treaty or <i>aquis</i> ?	114

1 Introduction

Katinka Barysch

Russia is the world's largest gas producer. The EU is the world's biggest gas market. The two are neighbours. Logically, the EU and Russia should have a well-developed energy relationship. The EU gets over 40 per cent of its gas imports from Russia, and two-thirds of Russia's gas exports go to EU countries. Russia is also the source of almost a third of the EU's oil and a quarter of its coal imports. European companies are among the biggest investors in the Russian oil, gas and electricity sectors. At the same time, Russia's energy giants want more access to the EU market, to raise capital and buy power stations and pipelines.

EU-Russia energy relations should be straightforward, mutually beneficial and fast-growing. But they are not. Many Europeans today perceive their reliance on Russian energy, in particular gas, as a threat.¹ Some say that Russia uses energy as a political weapon and cannot be trusted as a supplier. Others worry less about Russia's willingness to sell energy abroad than its ability to do so. Despite record-high global prices, Russia's output of oil and gas is stagnating, as Russian companies are not investing enough in the exploration of new fields. At the same time, they talk about selling more gas to Asia and entering into the global market for liquefied natural gas (LNG). The European Union is therefore reinforcing its efforts to find alternative sources of supply, both geographically (mainly from North Africa and the Caspian region), and through developing renewable sources, clean(er) coal and, in some countries, nuclear energy.

¹ *Oil is a more 'fungible' commodity that is traded on global markets, whereas gas is predominantly delivered through pipelines, so there is a much more direct relationship between the supplier and the consumer.*

What is the Energy Charter? *Andrey Konoplyanik*

The Energy Charter dates back to a political initiative launched by the then Dutch Prime Minister Ruud Lubbers at an EU summit in 1990. The end of the Cold War offered an unprecedented opportunity to overcome Europe's economic division. Energy was the logical place to start since there was already significant east-west co-operation in this sphere, as well as physical links through existing oil and gas pipelines. Developing common rules of the game in this capital-intensive sector would reduce political risks related to the

dissolution of the USSR and COMECON, facilitate the transfer of western capital, technology and know-how into the former Soviet Union (FSU), and increase energy exports from the FSU to the West, in particular the EU. A political declaration on international energy co-operation, the European Energy Charter⁴², was adopted in December 1991, followed by the legally binding Energy Charter Treaty (ECT), which was signed in December 1994 and entered into force in April 1998.⁴³

⁴² 'European' is here defined as 'trans-Atlantic and Europe' in the meaning of the Helsinki 1975 Conference on Security and Co-operation in Europe.

⁴³ Thomas Wälde (ed.), 'European Energy Charter Treaty: An east-west gateway for investment and trade', *Kluwer Law International*, 1996; Andrey Konoplyanik and Thomas Wälde, 'Energy Charter Treaty and its role in international energy', *Journal of Energy and Natural Resources Law*, No 4/2006.

The ECT has two distinctive features. Firstly, it is the only body of legally binding international rules that is tailored specifically to the energy sector. Unlike other international economic treaties, it therefore takes into account the wider range of risks faced by energy companies (for example, geological risks) and the extraordinarily high capital needs of the energy industry. The ECT covers such areas as energy investment, trade and transit, and energy efficiency. It offers dispute settlement for disagreements between states, and between states and investors.

Secondly, the ECT membership includes a broad and diverse range of countries across Eurasia. A total of 51 European and Asian countries have signed or acceded to the ECT, and all but five have ratified it (see page 114).⁴⁴ The five

⁴⁴ All EU states are individual signatories, but the ECT has also been signed collectively by the European Community and Euratom so the total number of parties to the treaty is 53.

that have not are Australia, Belarus, Iceland, Norway and the Russian Federation. Belarus and Russia have accepted provisional application of the ECT in so far as it is compatible with their

own constitution, laws and regulations. Another 20 states and ten international organisations have observer status in the Energy Charter, among them the US, Pakistan, China, Korea, Iran and ASEAN. Although the ECT initiative was initially focused on east-west co-operation in Europe, its scope is now considerably broader. The Energy Charter is therefore the natural basis for the evolving Eurasian energy market, which also includes (not geographically, but from an energy-economic perspective) North Africa.

The ECT and its related legally binding documents constitute one dimension of the Energy Charter. The other is the inter-governmental Energy Charter process. The Energy Charter offers a depoliticised, energy-specific international forum which is unique in that it brings together producing, consuming and transit countries. It allows its member-states not only to discuss new challenges in international energy markets, but to incorporate common concerns and understandings into new legally binding instruments.

The ECT aims to help the development of open and competitive energy markets. Its rules are meant as a minimum standard, which leaves each member-state free to follow its own path and speed towards market opening. Those countries that push ahead cannot demand that other ECT members follow their particular market model, nor are they permitted to discriminate against companies from such countries in any way.

A stable environment for investment and transit

The Energy Charter is based on the idea that international flows of investment and technology in the energy sector are good for both the investing and the receiving country. Therefore, one of the main aims of the treaty is to promote the predictability and transparency that allows for the huge investments needed for our future energy security. The ECT does not itself create investment opportunities for companies by forcing countries to give access to resources or break up their energy companies. These are sovereign decisions for the member governments. However, once an energy investment is made,

the treaty is designed to provide for stable relations between the foreign investor and the host government. Stability is particularly important in a sector where projects are highly strategic and capital-intensive, and where risks have to be assessed over the long term. The legal framework of the ECT helps to reduce non-commercial risks, such as discriminatory treatment, direct or indirect expropriation, or breach of individual investment contracts. In the early 1990s, when the treaty was negotiated, investment protection meant mostly protection of western companies in the east. Nowadays it also benefits the expansion strategies of eastern companies in western markets.

The ECT is based on the principle of non-discrimination by requiring member governments to apply national treatment (treating foreign and domestic companies equally) or a most-favoured nation regime (extending the maximum access granted to one foreign investor to all others), whichever is more beneficial. Once an investment has been made, these obligations are legally binding. But for the pre-investment phase, when the investor is still negotiating market access, the ECT uses 'soft' legal language and requires the parties to "endeavour" to meet these principles. The member-states initially intended to add a supplementary investment treaty to the ECT, to expand national treatment to the pre-investment phase, but this work has been suspended since 1998.

Another priority for the ECT is to promote reliable international transit flows. This is particularly important because in Eurasia a large share of oil and gas is delivered through long-distance pipelines that cross several national borders and jurisdictions. Under the treaty, member countries are obliged to facilitate energy transit in line with the principle of freedom of transit and not to interrupt or reduce established energy transit flows. Meanwhile, work continues on the specific Energy Charter Protocol on Transit. This will expand the operational clauses of the ECT's article 7 on transit, for example by defining what 'available transit capacity' means, or clarifying 'freedom of transit' in terms of non-discriminatory and competitive access to available capacity, the methodology of setting transit tariffs, and so on.

Andrey Konoplyanik was Deputy Secretary General of the Energy Charter Secretariat from March 2002 to April 2008.

11 Regulating energy relations: *Acquis* or Energy Charter? *Andrey Konoplyanik*

At their June 2008 summit in Khanty-Mansiysk, the EU and Russia agreed to start negotiations on a new bilateral Partnership Agreement (PA) to replace the Partnership and Co-operation Agreement (PCA), which reached the end of its initial ten year life-span in 2007. One of the key objectives of the PA is to develop a joint legal framework for the long-planned ‘common economic space’, which also includes energy.

It has still not been decided whether the PA should have a chapter specifically devoted to energy and, if so, what its content should be. If there is to be such a chapter, one of the questions that the EU and Russia will need to address is: what should be the relationship between the energy chapter of the bilateral EU-Russia agreement and the multilateral Energy Charter Treaty (ECT).

Russia signed the ECT in 1994. But although Moscow applies ECT rules on a provisional basis and has been actively participating in the Energy Charter process (see box on page 103), it has not ratified the treaty. When the Russian State Duma (parliament) last discussed the ECT, in January 2001, it concluded that it would not revisit the question of ratification unless a number of conditions were fulfilled. These included two clarifications regarding the ECT’s provisions on transit (in article 7)⁴⁵ and the finalisation of a special

⁴⁵ One clarification concerns the link between transit and internal transportation tariffs (article 7.3); the other the conciliatory procedure for transit dispute resolution (articles 7.6-7.7). For more details on the ECT and the debates surrounding it see www.konoplyanik.ru.

protocol on transit. In fact, an agreement on the Transit Protocol would offer the most practical way to resolve the outstanding disagreements on article 7.

But the protocol cannot be adopted before the ECT is in force because only countries that have ratified the ECT can ratify protocols attached to it. At the same time, however, Russia is reluctant to adopt the ECT without the Transit Protocol, fearing that such a course would damage its energy and economic interests.⁴⁶ The way out of this deadlock is first to finalise and sign the Transit Protocol and then submit it together with the ECT for simultaneous ratification to the Duma.

⁴⁶ For example, the EU has interpreted article 7.3 to mean that transit tariffs should be the same as domestic gas transport tariffs, citing WTO rules, the EU *acquis* and internal EU practice. This would force Gazprom to allow transit shippers to use its pipelines at the same discounted tariffs that apply to the (Gazprom affiliated) companies that transport Russian gas domestically. Only after a study of the Energy Charter Secretariat proved that in some EU member-states transit tariffs were NOT equal to domestic ones did it become possible to find a compromise wording for the draft Transit Protocol.

On the eve of the G8 St Petersburg summit in 2006 (under the Russian presidency), the EU attempted to get Russia to ratify the ECT, without having finalised the Transit Protocol. These attempts bore no fruit – except that Russian leaders stepped up their opposition to any kind of ‘fast-track’ ratification of the ECT without the protocol. Many observers misinterpreted or misconstrued their statements as a refusal on the part of Russia to ratify the ECT in principle. This, in turn, triggered renewed criticism of Russia for allegedly opposing the primacy of law in international relations.

The whole issue of ECT ratification has become highly politicised since Russia strongly resents western pressure to ratify the treaty before its substantive concerns have been met. Russian officials often put forward arguments against the ECT that are not based on its actual provisions, but rather on mistaken interpretations spread by western officials and journalists. The best example is the common

claim that the ECT would force Gazprom to allow non-Russian companies access to its pipeline system (at domestic tariffs). This is not the case.⁴⁷ Since such disagreements are not based on the treaty, they cannot be resolved at a technical level. They will only go away if the other ECT members stop trying to ‘force’ Russia to ratify the treaty and instead discuss Russia’s substantive concerns within the Energy Charter framework without opening a Pandora’s box of renegotiation.

⁴⁷ The ECT (IV.1.(b)(i)) states that “The provisions of the treaty do not oblige any contracting party to introduce mandatory third party access...”.

The Energy Charter process can help address substantive issues in various ways: first, as a forum for discussing practical issues, such as risks in the international energy markets, with a view to finding solutions based on international law; second, by working out non-binding agreements, best practice and guidelines in contentious areas; and third, by adding new legally binding rules, for example through treaty amendments and protocols. The Energy Charter framework gives its members all these options – although the process of reaching agreement becomes more complex for the more binding instruments.

Gas exporters do not want the *acquis*

Both the EU and Russia know that they need a mutually agreed, common legal framework for their economic and energy relations. They are contemplating three different routes to constructing such a framework. Only one of them is promising.

The EU often talks of its desire to ‘harmonise’ its legal system with that of third countries, in particular neighbouring ones. But what it really means by that is the ‘export’ of EU internal legislation (*acquis communautaire*) to third countries. Such an approach might be realistic for some transit states, and perhaps certain energy producers that regard the EU as a model for economic development. However, the big gas exporters will want to remain outside the EU’s legal reach

and continue to develop and manage their resources independently, to maximise the rents they collect. They might not wish to ‘unbundle’ (that is, break up) their vertically-integrated companies⁴⁸, nor grant

⁴⁸ *The original draft of the EU’s Third Gas Directive from September 2007 would have made it illegal for energy producers/importers to also own transmission and distribution systems. In June 2008, EU energy ministers agreed that vertically integrated energy companies could retain ownership of pipelines and power grids, provided they run them as a strictly separate businesses. This compromise, however, was vetoed by the European Parliament.*

⁴⁹ *Virtually all major capital-intensive energy infrastructure projects in the EU (gas pipelines, inter-connectors, LNG terminals and regasification plants) are financed on the basis of a derogation from mandatory third-party access.*

mandatory third-party access to their energy infrastructure because this can complicate project financing.⁴⁹ Instead, they may prefer negotiated third-party access, which was the rule in the EU before it adopted the Second Gas Directive in 2003. But while Russia and other big gas suppliers to the EU reject harmonisation on the basis of the *acquis*, most of them are either members or observers of the ECT (see map page 114). In terms of energy market liberalisation, the ECT does not go as far as EU’s Second Gas Directive. It stays at the level of liberalisation required by the First Gas Directive from 1998.

A second – but equally unpromising – approach is to incorporate some of the ECT principles into the energy section of the new PA. This idea was first voiced by some Russian officials, then echoed by some of their European colleagues. But no-one has clarified how this would work in practice and how ECT principles would be worded in the new EU-Russia treaty. There is a risk that two different standards for applying ECT principles would emerge, which may be especially tricky for the different dispute settlement procedures of the two treaties. Moreover, negotiating a new multilateral agreement (between Russia, the EU and its 27 members) ‘based on ECT principles’ would be no less lengthy and complicated than resolving the remaining issues relating to the ECT and the Transit Protocol. This is especially so since whatever the EU and Russia agree in the PA talks cannot fall behind the ECT. The ECT is part of the *acquis*

in the sense that it represents the minimum standard of liberalisation for its members (the equivalent of the First Gas Directive). Individual ECT member-states can of course go further in developing more open and competitive markets, as the EU did when it adopted the Second Gas Directive.

There is therefore only one realistic way to create a common Russia-EU energy space: on the basis of the existing, mutually acceptable ‘common denominator’ that is the ECT. Only in this case will the Russia-EU energy space be compatible with the common rules of the emerging Eurasian energy market. This market today comprises 51 ECT member-states and 20 observers in Europe, Asia and North Africa which are connected by pipelines and electricity grids and other energy infrastructure. The energy section of the new PA could then be very brief. It could just mention that the legal framework of the common Russia-EU energy space “shall include the ECT”, which would mean that in substance the Russia-EU energy space could go beyond the ECT.⁵⁰

⁵⁰ *In this case, the date on which the energy chapter of the new PA becomes effective should be linked to Russia’s ECT ratification.*

Rather than trying to resolve energy differences in the framework of the PA negotiations, the EU and Russia should focus on resolving Russia’s substantive concerns so that it feels able to ratify the ECT. Informal consultations between Russia and EU experts held in 2005-06 have already resulted in some possible solutions for the draft Transit Protocol. But there are still some difficult outstanding issues.

While there has been some progress on the draft Transit Protocol, Russia began to indicate new concerns regarding ECT ratification, without, however, presenting an exhaustive list of such concerns. This ‘open list’ has made it all but impossible for the EU and Russia to agree on a balanced compromise for both the Transit Protocol and Russia’s ECT ratification.

Russia, meanwhile, is concerned about the EU’s unwillingness to apply the multilateral Transit Protocol within its own borders.

⁵¹ According to the ECT (and I), “REIO means an organisation constituted by states to which they have transferred competences over certain matters a number of which are governed by this treaty.”

The EU argues that a clause on implementation of Transit Protocol rules in ‘regional economic integration organisations’ (REIO)⁵¹ renders it inapplicable. The EU’s version this clause (as suggested for article 20 of the Transit

Protocol) states – contrary to ECT provisions – that only energy flows that cross the entire REIO area should be considered ‘transit’, and not those that cross only the territory of individual member-states. In practice, this would mean that Russian gas deliveries to, say, Germany or Italy through the territory of other EU-27 countries would not constitute transit (to the contractual delivery points along the old EU-15 border). They would be covered by the more liberal rules of the *acquis*, and not the ECT. Russia argues that this would affect its long-term contracts and therefore increase commercial risk and the price that consumers have to pay for gas. Since the EU countries make up more than half of the ECT’s membership, the negotiations about the Transit Protocol will get nowhere – and Russia will not ratify the ECT – until this question is resolved.

Towards a resolution

After experts from Russia and the EU narrowed their differences in mid-2006, they moved the discussions about the Transit Protocol back to the multilateral level among all ECT members in 2007. By the end of 2008, they will decide whether to continue these discussions informally or upgrade them to official negotiations.

To finalise the Transit Protocol, all of Russia’s substantive concerns about opaque interpretations of ECT transit provisions need to be dealt with. Whether the ECT members followed Russia’s position would depend to a large degree on Russia’s negotiators. Russia, on its part, needs to provide the ECT member-states with a complete and exhaustive list of the concerns that prevent it from ratifying the treaty. I have no doubt that the ECT countries would then take

Russia’s concerns very seriously.

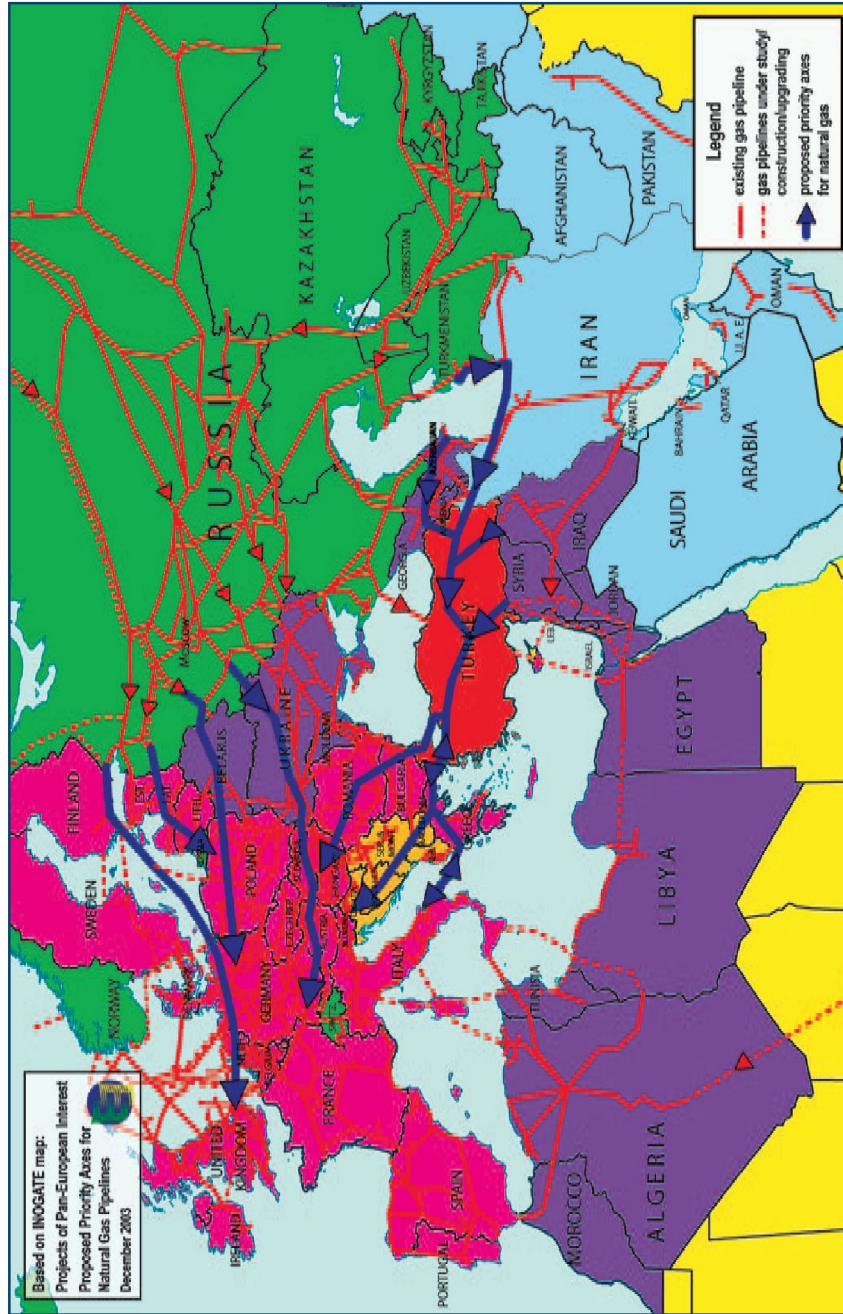
The following sequence of steps would allow the EU and Russia to reach an agreement on energy matters, and also facilitate the negotiations on the new Partnership Agreement:

- ★ ECT members finalise and sign the Transit Protocol;
- ★ Russia presents an exhaustive list of its other (non-transit-related) concerns regarding ECT ratification;
- ★ ECT members address all concerns that have a multilateral character;
- ★ the Duma simultaneously ratifies the ECT and the Transit Protocol;
- ★ the EU and Russia include a provision in their new Partnership Agreement that the legal framework for the Russia-EU common energy space shall be the ECT and related documents;
- ★ once all ECT member-states are on an equal footing, it becomes possible to promote the ECT to other states and to discuss the expansion of its substance to strengthen international energy co-operation among producer, consumer and transit states.

Andrey Konoplyanik was Deputy Secretary General of the Energy Charter Secretariat from March 2002 to April 2008.

★

Common rules for the evolving Eurasian energy market:
Energy Charter Treaty or EU *acquis*?



Map colour	Countries	Applicable rules
	European Union: 27 member-states	EU legislation (<i>acquis</i>), including in energy, fully applies
	Energy Community Treaty: 27 EU members plus seven South-East European countries (Croatia, Serbia, Montenegro, Bosnia, Macedonia/FYROM, Albania, Kosovo/UNMIK) plus five observers (including Turkey, Georgia)	EU <i>acquis</i> on the internal electricity and gas markets applies
	EU candidates: Croatia, Macedonia and Turkey; Serbia and other Balkan countries hope to obtain candidate status	Croatia and Macedonia applying energy <i>acquis</i> as members of Energy Community Treaty; Turkey in the process of alignment with <i>acquis</i> , but full compliance not expected until closer to accession date
	European Neighbourhood Policy: CIS (Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine) and Northern Africa (Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, the Palestinian Authority, Syria, Tunisia)	Enhanced energy co-operation based on national action plans with Ukraine and Moldova (as well as Israel, Jordan, Morocco, the Palestinian Authority and Tunisia); partial application of EU energy policies and legislation possible in the future
N/A	EU-Russia Strategic Partnership agreement: EU and Russia	New treaty to be based on shared principles and objectives; applicability of <i>acquis</i> rejected by Russia
	Energy Charter Treaty (ECT): 51 signatories in Europe and Asia, of which 46 have ratified	ECT rules fully applicable to all members; EU has gone further in liberalising its internal energy market; but not clear whether its demands that other ECT member-states follow are realistic
	ECT observers: 20 countries in Europe, Asia, Middle East, Africa, North and Latin America	Shared ECT aims and principles but ECT rules not binding; unlikely to accept the more liberal rules of the <i>acquis</i>

Source: Andrey Konoplyanik