

## **Prospects for Partnership between Russia and the EU in Energy and Energy Efficiency**

### **KEY CONCLUSIONS**

#### **Cooperation between the Russian Federation and the EU is a pledge of energy industry stability**

"Europe and Russia are not just historical partners; we have figures to prove this: 40% of Russia's foreign trade turnover of the past year belongs to the European Union. Germany, Britain, Poland, the Netherlands are among the top ten partners. Russia, in turn, is contributing to the cooperation, for decades ensuring high reliability and significant volumes of gas supplies to Europe, which, according to our estimates, will grow further," Anton Inyutsyn, Deputy Minister of Energy of the Russian Federation.

"The topic of a partnership is vital; we have a long history of relations in the energy sector. [European investor countries] have been working with the Russian Federation for many years and are aiming to continue to develop partnership relations between Russia and the European Union further," Frank Schauff, Chief Executive Officer, Association of European Businesses.

"Europe undoubtedly needs Russia, the Russian market is interesting for European companies, European investors. At the same time, Europe as a technology partner is important for Russia, because being busy with all the political disputes, we should not forget the economic factor," Alexander Liberov, President and Chief Executive Officer, Siemens in Russia.

#### **Strategies of Russian and Western energy companies are similar**

"Part of our strategy is to use the benefits of oil and gas, that are the cheapest resources that are currently available," David Campbell, President, BP Russia.

"TOTAL strategy fully fits the strategy pursued by Russian colleagues. In Russia, much attention revolves around cost-cutting; we are interested in LNG projects, now we actively pursue the next Arctic project," Arnaud Le Foll, Total Country Chair Russia; General Director, Total Exploration and Production Russie.

## PROBLEMS

### **The level of negativity due to the existing sanctions**

"As for our cooperation with the EU as a structure, everything looks wry, and the partnership prospects are not that peachy either, even for the resumption of the dialogue that has developed since the 2000s, and then was essentially frozen in 2014. It happened on top of unilateral sanctions and some other measures," Alexander Pankin, Deputy Minister of Foreign Affairs of the Russian Federation.

## SOLUTIONS

### **Technological advances sharing**

"We see the interest of European business in cooperation with Russia. Last spring, Siemens announced its willingness to increase the localisation of turbine production from 60 to 90%. Another example is the Schneider Electric Company, which is actively engaged in the localisation of production in our country and has invested more than 1 billion euros in Russia over the past five years. Moreover, just yesterday, our company TAIF and Siemens signed an agreement. The extensive plans of European companies are based on the digitalisation. We are greatly interested in the European experience in implementing energy sector reforms," Anton Inyutsyn, Deputy Minister of Energy of the Russian Federation.

"Technologies of European companies tested both in the EU and in the other parts of the world can help Russia overcome problems and become one of the economies where energy efficiency is actively developing," Bashir Chalabi, Chairman of the Energy Efficiency Committee, Association of European Businesses; Head of Environment and Energy Efficiency Practice, TIAR Center.

"Energy efficiency is one of the most promising areas of cooperation between Russia and the EU. Working together in this area will allow Russia to improve energy security, increase the competitiveness of Russian-made products in foreign markets, and will allow European countries to reduce carbon dioxide emissions. European companies are ready to actively participate in the development of energy efficiency policies in Russia by offering their knowledge and technologies," Frank Schauff, Chief Executive Officer, Association of European Businesses.

"The international technology partnership is crucial. It contributes to the modernisation of the industry. Talking about innovations, today we have presented a new super-power turbine of the HL-class with efficiency up to 65% in the CCP mode to the Russian market. Russian specialists of the company participated in its development. Digital technologies can also increase the efficiency of power facilities: additive manufacturing, the Internet of things and predictive diagnostics," Alexander Liberov, President and Chief Executive Officer, Siemens in Russia.

"Europe has new already proven technologies, but are not yet fully utilised in Russia. First, the use of electronics in the energy industry ultimately increases network efficiency and the effectiveness of network voltage stabilisation systems. The second point is <...> digital technologies, [which] will enable new business models, new business technologies," Patrick Fragman, Head, Grid Integration business, ABB.

"Digitalisation is extremely important for all economies without exception. The use of modern technologies will secure the market gains," Johan Vanderplaetse, Chairman, Association of European Businesses; President, Russia and CIS, Schneider Electric.

### **Enabling Western companies to localise production in the Russian Federation**

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### **Collaboration over environmental issues**

"Significant prospects are associated with the transition to more energy-efficient products. It is necessary to keep in mind the environmental effect of CO emission," Viktor Haefeli, Senior Advisor, Federal Department of the Environment, Transport, Energy and Communications of the Swiss Confederation; Vice-President, Swiss Association for Environmental Technology.

"We see a great potential for cooperation with Russia in energy efficiency, energy saving, the use of lighting systems. <...> The transition to intelligent

lighting systems is an important area of cooperation. We welcome this transition,” Eric Benedetti, General Director, Signify Russia and CIS.

### **Transport infrastructure development**

“We see that the volumes of gas that Gazprom supplies to Europe reach record estimates; our latest estimate is 200 billion cubic meters. The development of transport and new highways becomes an important issue,” Ernesto Ferlenghi, Chairman of the Energy Committee, Association of European Businesses.