



26th IAEE Annual Conference

East European Natural Gas Markets: Opening to Competition

*Key issues of the liberalization process in the
enlarged EU gas market*

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Natural gas networks: the socialist legacy

- pipelines integrated in the European system
 - existing
 - - - planned or under construction
- natural gas fields
- liquefied natural gas (LNG) receiving terminal
 - 🏠 in operation
 - 🏠 planned or under construction



Natural gas networks: the socialist legacy

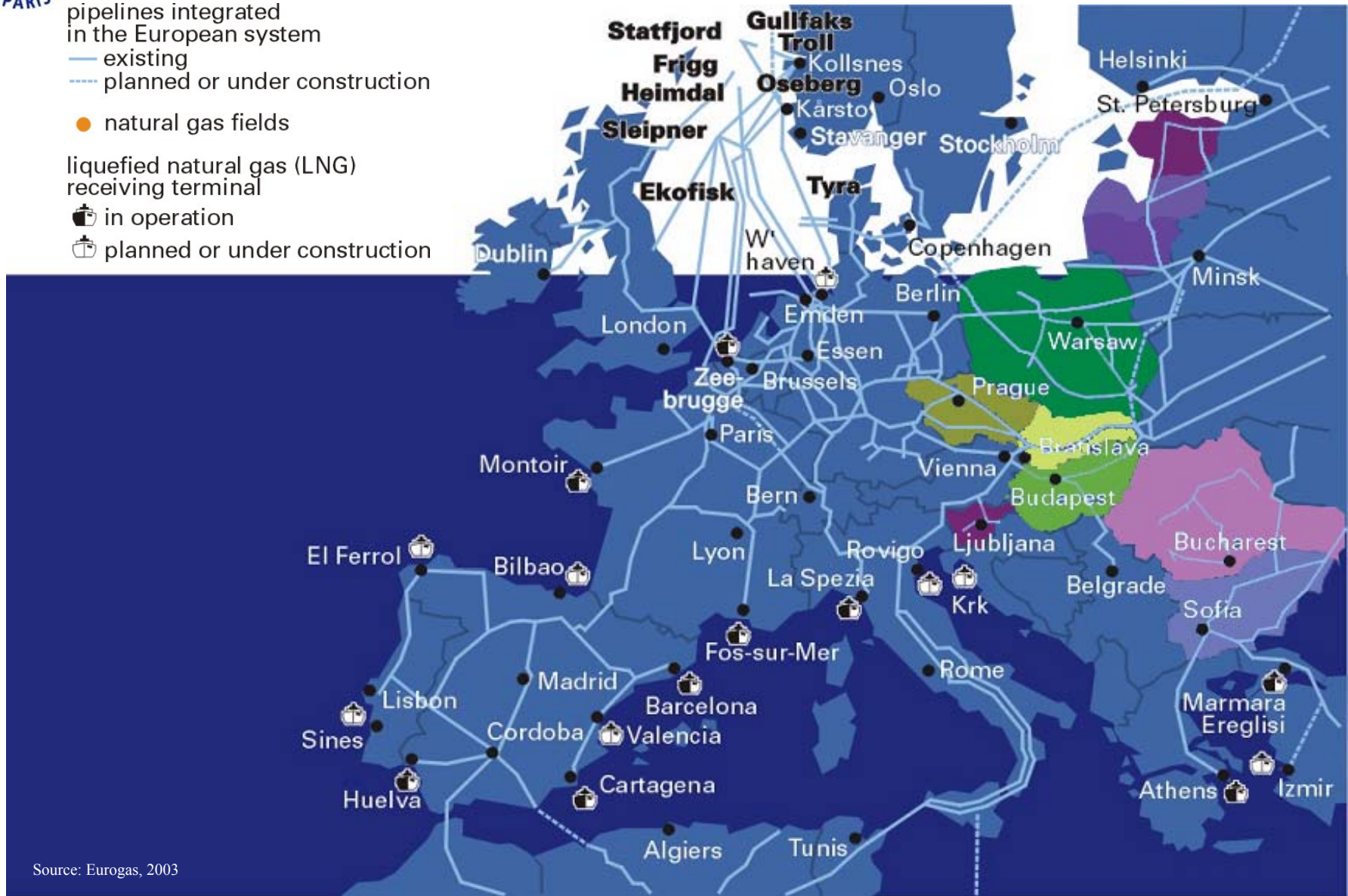
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Natural gas networks: the socialist legacy (2)

	Total natural gas consumption, 1999	Natural gas import dependency, 1999
EU – 15	329.6 Mtoe	45%
Ten candidate countries	51.9 Mtoe	73%
Total Europe 25	381.5 Mtoe	48%

Source: Eurostat, 2000



Gas stakes of the enlargement

- New business opportunities for West Europe companies:
 - Privatizations of local gas operators
 - Value of transit routes and storage facilities

- Obstacles and oppositions:
 - Institutional and financial drawbacks
 - Social prerogatives
 - Security of supply and external dependence

Weaknesses on the East side

- Market imperfections on the East side
 - Lack of interconnections
 - Dominance of the upstream player, Russia
- “Natural” market power obstacle or sustainable configuration?
 - Corporate strategies and the gas rent
 - The expected evolution of industry structure



Outlook

- Competition in East European gas markets: to what extent?
- Trade-off between market opening and security of supply?
- Role of EU regulation.
- What allocation of power in the future enlarged European Union?
- What industrial structures in the external gas suppliers' markets and neighboring countries?



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Thank you for your attention!

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