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

Source: Eurogas, 2003
Natural gas networks: the socialist legacy

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### Natural gas networks: the socialist legacy (2)

<table>
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<th>Total natural gas consumption, 1999</th>
<th>Natural gas import dependency, 1999</th>
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<tbody>
<tr>
<td><strong>EU - 15</strong></td>
<td>329.6 Mtoe</td>
<td>45%</td>
</tr>
<tr>
<td><strong>Ten candidate countries</strong></td>
<td>51.9 Mtoe</td>
<td>73%</td>
</tr>
<tr>
<td><strong>Total Europe 25</strong></td>
<td>381.5 Mtoe</td>
<td>48%</td>
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</tbody>
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Source: Eurostq, éééé
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?
Thank you for your attention!

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http://www.dauphine.fr/cgemp