



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 9 February 2012

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**ENER 30
COEST 20
RELEX 62**

INFORMATION NOTE

from: General Secretariat of the Council

to: Delegations

Subject: Recent important developments in the field of international energy relations
- Information from the Commission

Delegations will find attached the abovementioned information note.

Information note from the Commission

Recent developments in the field of international energy relations

1. On the 23rd of January, the Council voted in favour of **sanctions against Iran providing notably for an oil embargo**. The sanctions on oil are of particular significance because of their effect on the revenues of the Iranian government. Oil exports count for approximately 80% of Iran's exports and 70% of the government's revenues. The EU imports amounted to 20% of Iran's oil exports.

The prohibition on the import of Iranian oil is done in a phased manner to adjust gradually to the new situation with alternative supplies of oil. The situation is carefully followed to take stock of the effect of the measure, address any problem that may arise with the aim of ensuring the continuity of energy supplies for all EU Member States.

2. The discussions between **Russia and Ukraine** are continuing, covering volumes and prices as well as the possibility of a tripartite gas consortium for the modernization and management of the Ukrainian gas transit system, which would also involve the EU side.

A deal that is not in accordance with EU legislation would have serious repercussions for Ukraine's Energy Community membership as well as on the Association Agreement and the Deep and Comprehensive Free Trade Agreement which have just been finalised.

The Commission is having active contacts with Ukraine to carefully consider all aspects of any deal before making final decisions, particularly the implications for the future development of the Ukrainian gas sector and its overall energy security and independence, as well as on Ukraine's strategy to integrate into the EU's energy market and its overall European perspective.

3. Several new options have been developed recently to open the **Southern Gas Corridor**.

The Commission is neutral about the pipelines within the EU and underlines that all options will have to comply with EU law. From Azerbaijan to the EU, the Commission considers that a dedicated pipeline is needed, and in particular in Turkey this still needs to be built. Such a pipeline needs to be scalable to allow transport more gas volumes from the Caspian region when they become available.

This pipeline needs to be covered by an international agreement that involves the EU so that it guarantees the supply to the consumers in the EU. The Commission underlines the importance of having rights guaranteed. Recent events in Turkey, namely the interruption of gas flows to Greece, have shown why the dedicated pipeline system is necessary, as demand in Turkey can affect transit flows, and EU consumers suffer.

The Commission underpins that the new project that Turkey and Azerbaijan have worked on as an alternative, the Trans- Anatolian pipeline (TANAP), is not yet fully developed. Defining precisely its legal rights, as well as the feasibility study that still needs to be done, may delay the realisation of the Southern Gas Corridor. The Commission urges all parties involved to combine efforts that would lead to an approximation of TANAP and Nabucco to create a dedicated, scalable pipeline system outside the EU that guarantees the EU's rights.

4. The Commission intends to reinforce energy exchanges by promoting cooperation on renewable energy projects and proposing a regional **EU-Mediterranean** Energy Partnership, as stated in the Communication on security of energy supply and international cooperation issued on 7 September 2011.

In the context of the strengthening of relations, the next step is the conclusion of a Memorandum of Understanding in the field of Energy with Algeria to create a strategic partnership by reinforcing and strengthening the energy relations.