Key Issues for TTIP: EU Natural Gas? Russia, LNG, and Domestic Policy Challenges

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Through the Trans-Atlantic Energy Action Project, The Lugar Center (TLC) and the German Marshall Fund of the United States (GMF) are partnering to improve understanding of trans-Atlantic opportunities for energy security and economic cooperation, particularly in relation to the Trans-Atlantic Trade and Investment Partnership (TTIP).

Natural gas is a primary issue in the European Union’s security of supply, but efforts to build a truly integrated market with diverse sources is not so easy in a Union with varying national, political, and commercial interests. Policy developments also intersect with the EU’s commitments in COP-21, ambitions in negotiation of the Trans-Atlantic Trade and Investment Partnership, and must adapt to the quickly changing global LNG market.

On February 1, TLC and GMF hosted Dr. Klaus-Dieter Borchardt, Director for the Internal Energy Market at the European Commission’s Directorate General for Energy, for a discussion on the future of natural gas security, markets, and policy challenges in the European Union. Doug Hengel, with GMF, was a discussant and Neil Brown, with GMF and TLC, moderated the discussion held under Chatham House rules. The roundtable began with a discussion of TTIP’s potential usefulness as a template to set energy standards for future free trade agreements through rules on trade, investment, monopolies, and access to infrastructure. Following the agreement reached during the 2015 United Nations Conference on Climate Change in Paris, natural gas will continue to play an important role in meeting European energy needs, especially in tandem with renewable energy resources. Discussion turned to Russian gas supplies, the desire by the Bulgarian government to develop a gas hub in Southeast Europe, and analysis of how the European Union could use incoming American gas exports to diversify energy sources. Given that the EU’s reliance on Russian gas exports is expected to continue, the importance of maintaining diversification of gas sources, routes, and storage was highlighted. Discussion also touched on the Southern Corridor, Nord Stream II, and the effects of political instability and gas and oil prices in Iran, Iraq, and the Eastern Mediterranean. The U.S. and EU face similar challenges in reconciling sometimes competing policy initiatives to simultaneously address energy security and climate change while remaining sensitive to market realities.
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