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INFORMATION NOTE

From: General Secretariat of the Council
To: Council

Subject: Any other business
Recent developments in the field of external energy relations
- Information from the Commission

Delegations will find attached factual information on recent and upcoming events and developments relating to the item "International relations in the field of energy" on the agenda of the TTE (Energy) Council on 11 June 2018 and covering the following topics:

- a) Egypt
- b) Ukraine
- c) Western Balkans
- d) Iran
- e) Clean Energy Ministerial and Mission Innovation

a) Egypt

During his mission to Egypt on 22-24 April 2018, Commissioner Arias Cañete signed on behalf of the EU together with Minister of Petroleum El –Molla and Minister of Electricity and Renewable Energy Shaker, the Memorandum of Understanding on a Strategic Partnership on Energy between Egypt and the EU covering the period 2018-2022. The MoU will significantly upgrade energy cooperation between the EU and Egypt.

Commissioner Arias Cañete had meetings with President Sisi, Prime Minister Sherif Ismail, Minister of Petroleum El –Molla and Minister of Electricity and Renewable Energy Shaker. In all these meetings, Commissioner Arias Cañete confirmed EU's support to Egypt in its endeavour to modernize its energy sector, to become an energy hub in the East Mediterranean region and to take the necessary steps for a sustainable energy transition path. The programme reflected a proper balance between the different energy related aspects (gas, renewables, energy efficiency, electricity grid and interconnections).

The visit confirmed the role that Egypt can play in making the vast gas discoveries in the Eastern Mediterranean accessible for the European market. The visit was important to give equally visible support for the possibility to bring EastMed gas to EU markets through the existing Egyptian LNG terminals, which might be a realistic first step in this process. There has been concrete progress towards a regional solution in the form of a business deal between Egypt and Israel on the one hand, as well as the drafting of an IGA between Egypt and Cyprus on a submarine gas pipeline on the other.

b) Ukraine

On 5 April 2018 the first Ministerial Meeting took place under the EU-Ukraine Memorandum of Understanding on the Strategic Energy Partnership since its signature in November 2016. The Commission, represented by Director-General for Energy, Mr Ristori reviewed progress in implementing the energy sector reforms in Ukraine. The Annual Work Plan 2018, which lists priority reform-related actions was adopted by the sides and focuses notably on the gas, electricity market reforms, on energy regulator, security of supply, as well as on energy efficiency. Ukraine was invited to be associated to the Coal Regions in Transition Initiative as well as to become an observer to the Energy Poverty Observatory.

c) Western Balkans

On 6 February 2018, the Commission adopted its Communication on *A credible enlargement perspective for and enhanced EU engagement with the Western Balkans*. Energy in the context of connectivity plays a prominent role in the strategy which foresees "an expansion of Energy Union to the Western Balkans". In this context two important events were scheduled in 2018. At the EU-Western Balkans Summit in Sofia (17 May 2018), *The Sofia Declaration* was adopted, stressing the need for increased connectivity, energy security and market integration in the region. Two energy commitments were signed on this occasion: the Joint Declaration for the gas interconnector Bulgaria - Serbia (IBS) and a MoU on electricity day-ahead market coupling between Bulgaria and FYROM. Building on the success of the Sofia Summit, the Western Balkans 6 (WB6) 'Berlin process' Summit in London (10 July 2018) will focus on assessing progress made by Western Balkan countries in reform measures in the process of the development of the Regional Electricity Market in the region.

The Strategic Group of International Energy Cooperation will dedicate its meeting on 26 June 2018 to the follow-up of the Sofia Summit towards the Western Balkan 6 Summit in London. Participants will review the state of play on EU energy acquis-alignment in the Western Balkans and provide an outlook to the London Western Balkans-Summit.

d) Iran

Commissioner's Arias Cañete visited Iran on 19-20 May following the US decision to withdraw from the Joint Comprehensive Plan of Action (JCPOA) and just a few days after the EU Leaders had unanimously agreed on a number of measures.

Commissioner Arias Cañete met with the Minister of Foreign Affairs Mohammad Javad Zarif, Vice-President Ali Salehi (Head of the Atomic Energy Organisation of Iran), Vice-President Isa Kalantari (Head of the Department of Environment), Minister of Petroleum Bijan Zanganeh and the Minister of Energy Reza Ardakanian.

The visit's objective was threefold: 1) reiterate EU's commitment to the JCPOA implementation, 2) demonstrate EU's commitment to the energy sector, and 3) reassure Iran that the EU will seek to protect European businesses that chose to do legitimate business with Iran.

The visit was received as a strong political signal of the EU's support for the JCPOA as long as Iran remains committed to its nuclear-related commitments under the deal, and as such was highly appreciated by the Iranian side.

All interlocutors underlined the pressure of time, the importance for Iran to reap the economic benefits of the nuclear deal, and the need to quickly find practicable measures to protect EU economic operators active in Iran, both major companies and SMEs. The immediate Iranian concerns are related in particular to oil sales and petroleum related products and services which constitute the main source of income for the Iranian economy.

It was proposed to launch immediately an EU-Iran Working Group on oil; which will address the following priorities:

- Insurance and reinsurance for cargo transport and machinery, reinsurance for refineries due to possible exposure to US secondary sanctions; protection and indemnity insurance;
- Transfer of oil revenues, including options to repatriate revenues and preserve SWIFT;
- Storage of oil in reserves;
- Shipping, including access of tankers to ports..

Discussion focused also on the implementation of the 2016 “Joint Statement on cooperation in the energy sector”. It was decided to convene an EU-Iran Expert Group meeting on “Electricity, Renewable Energy and Energy Efficiency” covering also water management issues at the end of October/ November 2018 in Brussels and to launch a joint fact finding study on challenges and opportunities for setting an appropriate environment and promoting EU private investment into the renewable energy and energy efficiency sectors of Iran.

On nuclear, discussions looked ahead to future concrete forms of collaboration such as the scheduled July nuclear liability workshop and the third high level seminar on nuclear cooperation to be organised by the Commission in Brussels at the end of November 2018. A joint press statement in support of the JCPoA was issued.

e) Clean Energy Ministerial and Mission Innovation

The European Commission, on behalf of the EU, together with Denmark, Finland, Norway, Sweden and the Nordic Council of Ministers co-hosted, in May 2018, the 9th Clean Energy Ministerial (CEM-9 – in Copenhagen on 24th) and the 3rd Mission Innovation Ministerial (MI-3 – in Malmö on 23rd). The CEM-9 focused on "Energy Integration and Transition: towards a competitive and innovative low carbon economy" with key themes dedicated to renewables integration, innovative options of industry decarbonisation and clean energy investment. The MI-3 on its part had Ministers and invited CEOs and Mayors debate bold steps to enhance public and private investment and collaboration on clean energy research and innovation, launch new work streams and a new *Champions* recognition programme.