



UNIVERSITY OF  
TORONTO

MUNK  
SCHOOL  
OF  
GLOBAL  
AFFAIRS

*Join the Global Conversation*

G7 Research Group

The  
G7 Research Group  
at the Munk School of Global Affairs at Trinity College in the University of Toronto  
presents the

## **2015 Schloss Elmau G7 Summit Interim Compliance Report**

9 June 2015 to 20 February 2016

Prepared by  
Michael Humeniuk, Jerome Newton, Christian Medeiros and Kaleem Hawa  
with Caroline Bracht  
G7 Research Group, University of Toronto

30 March 2016

[www.g7.utoronto.ca](http://www.g7.utoronto.ca)  
[g8@utoronto.ca](mailto:g8@utoronto.ca)  
[@g7\\_rg](#) and [@g8rg](#)

*“We have meanwhile set up a process and there are also independent institutions monitoring which objectives of our G7 meetings we actually achieve. When it comes to these goals we have a compliance rate of about 80%, according to the University of Toronto. Germany, with its 87%, comes off pretty well. That means that next year too, under the Japanese G7 presidency, we are going to check where we stand in comparison to what we have discussed with each other now. So a lot of what we have resolved to do here together is something that we are going to have to work very hard at over the next few months. But I think that it has become apparent that we, as the G7, want to assume responsibility far beyond the prosperity in our own countries. That’s why today’s outreach meetings, that is the meetings with our guests, were also of great importance.”*

Chancellor Angela Merkel, Schloss Elmau, June 8, 2015

## Contents

|   |     |
|---|-----|
| Preface .....   | 3   |
| Executive Summary .....   | 5   |
| Table A: 2015 Priority Commitments Selected for Assessment.....                   | 6   |
| Table B: 2015 Interim G7 Schloss Elmau Compliance Scores.....                     | 7   |
| Table C: 2015 Interim G7 Schloss Elmau Compliance Scores by Country.....          | 8   |
| Table D: 2015 Interim G7 Schloss Elmau Compliance Scores by Commitment .....      | 8   |
| 1. Macroeconomic Policy: Foster Growth .....                                      | 9   |
| 2. Infrastructure: Infrastructure Investment.....                                 | 17  |
| 3. Climate Change: Growth Agenda .....  | 24  |
| 4. Financial Regulation: Tax Agenda.....  | 33  |
| 5. Nonproliferation: Arms Trade .....   | 40  |
| 6. Regional Security: Ukraine.....  | 46  |
| 7. Regional Security: Maritime.....   | 54  |
| 8. Human Rights: Migrants .....   | 63  |
| 9. Terrorism: Terrorists' Assets.....   | 72  |
| 10. Health: Coordinated Rapid Deployment .....                                    | 81  |
| 11. Health: National Action Plans .....   | 91  |
| 12. Health: Vaccines .....  | 99  |
| 13. Climate Change: Low-Carbon Strategies.....                                    | 106 |
| 14. Climate Change: Copenhagen Accord .....                                       | 117 |
| 15. Climate Change: Vulnerable Countries.....                                     | 125 |
| 16. Energy: Liberalizing Systems .....  | 136 |
| 17. Food and Agriculture: Voluntary Guidelines on the Responsible Governance..... | 151 |

## 16. Energy: Liberalizing Systems

“We reaffirm our support for Ukraine and other vulnerable countries in their ongoing efforts to reform and liberalize their energy systems.”

*G7 Schloss Elmau Summit Declaration*

### Assessment

|                | Lack of Compliance | Work in Progress | Full Compliance |
|----------------|--------------------|------------------|-----------------|
| Canada         |                    | 0                |                 |
| France         |                    | 0                |                 |
| Germany        |                    |                  | +1              |
| Italy          |                    |                  | +1              |
| Japan          |                    | 0                |                 |
| United Kingdom |                    | 0                |                 |
| United States  |                    |                  | +1              |
| European Union |                    |                  | +1              |
| Average        |                    | +0.50            |                 |

### Background

In early March 2014, the Russian-owned energy company Gazprom announced that it would be increasing the price of its natural gas supplies to Ukraine.<sup>792</sup> This was a reversal of a December 2013 agreement between Russian President Vladimir Putin and Ukrainian President Viktor Yanukovich, in which Gazprom had reduced the price of natural gas from USD400 to USD270 per 1,000 cubic metres.<sup>793</sup> The deal was widely interpreted as an attempt to intensify ties between Ukraine and Russia, and to strengthen Yanukovich’s position in the wake of his decision to axe an association agreement with the European Union in November 2013.<sup>794</sup> Russia’s about-face resulted from protestors’ success in unseating Yanukovich in February 2014.

Gazprom’s words not only threatened Ukraine’s energy supply, but also the stability of the European energy network. About 24 per cent of the EU’s natural gas is supplied by Gazprom, and approximately half of that amount is delivered via Ukraine.<sup>795</sup> Moreover, Russia had proven itself willing to cut supply flows to Ukraine before during the crises of 2006 and 2009.<sup>796</sup>

But it was Russia’s intensification of the conflict through its annexation of Crimea that catalyzed immediate action by the EU and the rest of the G7. Rob Bailey, a research director at Chatham House, noted that the situation in Crimea transformed the agenda of the March 2014 European Spring Council and altered the EU’s energy priorities.<sup>797</sup> He noted that energy policy “had previously been focused on competitiveness and the energy price differential between Europe and the United States arising from the latter’s shale gas revolution, but European Council President Herman Van Rompuy underlined that the discussion was now

<sup>792</sup> Decision Taken to Discontinue Gas Price Discount for Ukraine Starting from April, Gazprom (Moscow) 4 March 2014. Date of Access: 4 January 2016. <http://www.gazprom.com/press/news/2014/march/article185486/>.

<sup>793</sup> Russia Offers Ukraine Major Economic Assistance, BBC News (London) 17 December 2013. Date of Access: 4 January 2016. <http://www.bbc.com/news/world-europe-25411118>.

<sup>794</sup> Alexei Anishchuk, Update 1 – Putin Says Gazprom to Scrap Gas Price Discount for Ukraine, Reuters (New York) 4 March 2014. Date of Access: 4 January 2016. <http://www.reuters.com/article/ukraine-crisis-gazprom-idUSL6N0M11TB20140304>; Conscious Uncoupling, The Economist (New York) 5 April 2014. <http://www.economist.com/news/briefing/21600111-reducing-europes-dependence-russian-gas-possible-but-it-will-take-time-money-and-sustained>.

<sup>795</sup> Conscious Uncoupling, The Economist (New York) 5 April 2014. <http://www.economist.com/news/briefing/21600111-reducing-europes-dependence-russian-gas-possible-but-it-will-take-time-money-and-sustained>.

<sup>796</sup> Pasquale DeMico, A Cold Winter to Come? The EU Seeks Alternatives to Russian Gas, European Parliament (Brussels) October 2014. Date of Access: 4 January 2016.

[http://www.europarl.europa.eu/RegData/etudes/STUD/2014/536413/EXPO\\_STU\(2014\)536413\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2014/536413/EXPO_STU(2014)536413_EN.pdf), 13.

<sup>797</sup> Rob Bailey, Ukraine Crisis Shifts EU’s Energy Focus, Chatham House (London) 24 March 2014. Date of Access: 4 January 2016. <https://www.chathamhouse.org/media/comment/view/198431>.

‘focused primarily on how to reduce [Europe’s] high energy dependency, particularly relevant of course in the context of the situation with Ukraine.’<sup>798</sup> In addition to the announcement of their decision to boycott the G8 Sochi Summit, the G7 members decided both “to discuss ways to strengthen our collective energy security,” and to “strengthen energy security” in Ukraine.<sup>799</sup>

On 6 May 2014, the G7 released the Rome G7 Energy Initiative for Energy Security.<sup>800</sup> The organization confirmed the central role of the Ukrainian crisis in the G7’s increased focus on energy security by noting that “Recent events highlight the need to address energy security challenges ... We are extremely concerned by the energy security implication of developments in Ukraine, as a consequence of Russia’s violation of Ukraine’s sovereignty and territorial integrity.”<sup>801</sup> They also agreed upon a series of seven principles to increase energy security, including a need to diversify energy sources and supplies.<sup>802</sup> Finally, the G7 committed to strengthening the energy security of Ukraine.<sup>803</sup>

In May 2015, G7 energy ministers met in Hamburg to review their actions and commitments in the area of energy security. The group’s self-assessment of their work reveals progress in the area of heightening Ukraine’s energy security. In Hamburg they reaffirmed their support for Ukraine and specifically expanded their concern to other vulnerable countries, noting that “this will include efforts to encourage investments in energy infrastructure and energy efficiency in Ukraine and other Energy Community countries.”<sup>804</sup> G7 leaders welcomed this agreement and reiterated their general support for increasing the energy security of vulnerable states at the Elmau Summit.<sup>805</sup>

### Commitment Features

Full compliance with this commitment will require that G7 members take new action to support Ukraine and other vulnerable countries as they reform and liberalize their energy systems to increase their energy security. While the commitment does not specifically define who these vulnerable countries are, the European Commission has interpreted energy security vulnerability as dependence on a single natural gas supplier.<sup>806</sup> This includes many states in central and eastern Europe, though to varying degrees. The Baltic States, Finland, Bulgaria, Slovakia and the Czech Republic are particularly at risk as they import close to 100 per cent of their natural gas from Russia.<sup>807</sup> However, a recent stress test conducted by the European Union

<sup>798</sup> Rob Bailey, Ukraine Crisis Shifts EU’s Energy Focus, Chatham House (London) 24 March 2014. Date of Access: 4 January 2016. <https://www.chathamhouse.org/media/comment/view/198431>.

<sup>799</sup> G7: The Hague Declaration, The Hague, 24 March 2014. Date of Access: 4 January 2016. [http://www.g8.utoronto.ca/summit/2014brussels/hague\\_140324.html](http://www.g8.utoronto.ca/summit/2014brussels/hague_140324.html).

<sup>800</sup> Rome G7 Energy Initiative for Energy Security, 6 May 2014. Date of Access: 4 January 2016. <http://www.g8.utoronto.ca/energy/140506-rome.html>.

<sup>801</sup> Rome G7 Energy Initiative for Energy Security, 6 May 2014. Date of Access: 4 January 2016. <http://www.g8.utoronto.ca/energy/140506-rome.html>.

<sup>802</sup> Rome G7 Energy Initiative for Energy Security, 6 May 2014. Date of Access: 4 January 2016. <http://www.g8.utoronto.ca/energy/140506-rome.html>.

<sup>803</sup> Rome G7 Energy Initiative for Energy Security, 6 May 2014. Date of Access: 4 January 2016. <http://www.g8.utoronto.ca/energy/140506-rome.html>.

<sup>804</sup> G7 Hamburg Initiative for Sustainable Energy Security, 12 May 2015. Date of Access: 4 January 2016. <http://www.g8.utoronto.ca/energy/150512-hamburg.html>.

<sup>805</sup> Leaders’ Declaration: G7 Elmau Summit, 8 June 2015. Access Date: 4 January 2016. <http://www.g8.utoronto.ca/summit/2015elmau/2015-G7-declaration-en.html>

<sup>806</sup> Report on Short, Medium and Long-Term Measures for Energy Security, Council of the European Union (Brussels) 8 October 2014. Date of Access: 4 January 2016. <http://data.consilium.europa.eu/doc/document/st-13788-2014-init/en/pdf.implementat>

<sup>807</sup> Chi-Kong Chyong and Vessela Tcherneva, Europe’s Vulnerability on Russian Gas, European Council on Foreign Relations (Berlin) 17 March 2015. Date of Access: 4 January 2016.

[http://www.ecfr.eu/article/commentary\\_europes\\_vulnerability\\_on\\_russian\\_gas](http://www.ecfr.eu/article/commentary_europes_vulnerability_on_russian_gas).

indicated that a Russian natural gas disruption would also result in serious supply concerns for states like Romania, Serbia, the former Yugoslav Republic of Macedonia, Hungary and Poland.<sup>808</sup>

Efforts to increase the energy security of vulnerable states can take many forms. The G7 outlined seven principles for the creation of energy security within the Rome Initiative. These are 1) “development of flexible, transparent, and competitive energy markets, including gas markets”; 2) “diversification of energy fuels, sources, and routes”; (3) “reducing our greenhouse gas emissions, and accelerating the transition to a low carbon economy”; 4) “enhancing energy efficiency in demand and supply, and demand response management”; 5) “promoting deployment of clean and sustainable energy technologies and continued investment in research and innovation”; 6) upgrading and modernizing infrastructure; and 7) “putting in place emergency response systems.”<sup>809</sup>

If G7 members take further action in any of these areas to support Ukraine and other vulnerable countries as they increase their energy security, they will have fully complied with their commitment in this area.

### Scoring Guidelines

|    |  |
|----|--|
| -1 | Member takes no further action to support Ukraine OR other vulnerable countries to reform and liberalize their energy systems. |
| 0  | Member takes further action to support Ukraine OR other vulnerable countries to reform and liberalize their energy systems.    |
| +1 | Member takes further action to support Ukraine AND other vulnerable countries to reform and liberalize their energy systems.   |

*Lead Analyst: Sarah Beard*

### Canada: 0

Canada has partially complied with its commitment to support Ukraine and other vulnerable countries as they reform and liberalize their energy sectors. Although Canada has provided Ukraine with aid and expert advice, it has failed to provide similar support to other vulnerable states in the area.

On 12 June 2015, officials from the Canadian embassy participated in a meeting with members of the Ministry of Energy and Coal Industry of Ukraine and the United States Department of Energy to discuss cooperation on the development of an emergency response plan to enhance Ukrainian energy security.<sup>810</sup> The representatives agreed that they would work together to produce a winter action plan for 2015 to 2016, as well as a sustainability plan.<sup>811</sup> Mykhailo Bno-Airiyan, Head of the European Integration Department at the Energy and Coal Industry Ministry, noted that the winter action plan “would outline the necessary steps and volumes of gas, coal, and other energy resources for the heating season,” while the three-to-five year sustainability plan would “contain a whole system of emergency response in the energy sector.”<sup>812</sup> In order to develop these documents, the participants decided that a group of experts from Canada, the US and the European Commission would visit Ukraine during the month of July to help the country compose these

<sup>808</sup> Communication from the Commission to the European Parliament and the Council on the Short Term Resilience of the European Gas System: Preparedness for a Possible Disruption of Supplies from the East During the Fall and Winter of 2014/2015, European Commission (Brussels) 16 October 2015. Date of Access: 4 January 2016. [https://ec.europa.eu/energy/sites/ener/files/documents/2014\\_stresstests\\_com\\_en.pdf](https://ec.europa.eu/energy/sites/ener/files/documents/2014_stresstests_com_en.pdf).

<sup>809</sup> Rome G7 Energy Initiative for Energy Security, 6 May 2014. Date of Access: 4 January 2016. <http://www.g8.utoronto.ca/energy/140506-rome.html>.

<sup>810</sup> Ukraine’s Energy Ministry, US, Canadian, EU Experts to Develop Emergency Response Plan, Interfax-Ukraine (Kyiv) 15 June 2015. Date of Access: 6 February 2016. <http://en.interfax.com.ua/news/general/272141.html>.

<sup>811</sup> Ukraine’s Energy Ministry, US, Canadian, EU Experts to Develop Emergency Response Plan, Interfax-Ukraine (Kyiv) 15 June 2015. Date of Access: 6 February 2016. <http://en.interfax.com.ua/news/general/272141.html>.

<sup>812</sup> Ukraine’s Energy Ministry, US, Canadian, EU Experts to Develop Emergency Response Plan, Interfax-Ukraine (Kyiv) 15 June 2015. Date of Access: 6 February 2016. <http://en.interfax.com.ua/news/general/272141.html>.

emergency response plans.<sup>813</sup> Since the G7 Rome Initiative highlights the creation of emergency response systems as a vital component of energy security, Canada's support for Ukraine's efforts to reform their emergency response plans in this sector illustrate partial compliance with the commitment.<sup>814</sup>

While Canada has worked to support the transformation of Ukraine's energy sector, there is little evidence that Canada has taken similar steps to aid other vulnerable countries as they work to reform and liberalize their energy sectors during the compliance period. For this reason, Canada receives a score of 0 for partial compliance.

*Analyst: Sarah Beard*

### **France: 0**

France has partially complied with its commitment to support Ukraine and other vulnerable countries to reform and liberalize their energy systems. Although has made a number of efforts to support Ukraine in its attempts to reform its energy sector, it has not made similar efforts to support other vulnerable states during the compliance period.

On 28 January 2016, officials from the French Embassy in Kyiv met with the Ukrainian Parliamentary Committee on the Fuel and Energy Complex, Nuclear Policy and Nuclear Safety.<sup>815</sup> Representatives from Energoatom, Ukraine's nuclear power plant operator, were also in attendance, and noted that discussions revolved around "the need to develop nuclear energy as a low-carbon source ... and the Ukrainian nuclear sector's increasing independence from its traditional partner, Russia."<sup>816</sup> During this meeting, France took steps to support Ukraine's energy reform and liberalization by suggesting that a parliamentary committee partnership be created to allow Ukraine to learn from French legislation on nuclear energy, and from their experience in adopting the European Union *acquis communautaire* in this area.<sup>817</sup>

On 25 June 2015, France's Assemblée Nationale ratified the Ukraine-European Union Association Agreement, which contains a chapter pertaining specifically to energy cooperation.<sup>818</sup> Within the agreement, the parties note that they are "committed to enhancing energy security, facilitating the development of appropriate infrastructure and increasing market integration and regulatory approximation towards key elements of the EU *acquis*, [and] promoting energy efficiency and the use of renewable energy sources."<sup>819</sup> The agreement also commits Ukraine to adapting its legislation to comply with EU directives in the

---

<sup>813</sup> US Department of Energy Advises Ukraine on Winter Fuel Crisis Plan, World Nuclear News (London) 17 June 2015. Date of Access: 6 February 2016. <http://www.world-nuclear-news.org/US-DOE-advises-Ukraine-on-winter-fuel-crisis-plan-17061501.html>.

<sup>814</sup> Rome G7 Energy Initiative for Energy Security, 6 May 2014. Date of Access: 6 February 2016. <http://www.g8.utoronto.ca/energy/140506-rome.html>.

<sup>815</sup> Ukraine and France Discuss Cooperation in Nuclear Energy, World Nuclear News (London) 1 February 2016. Date of Access: 6 February 2016. <http://www.world-nuclear-news.org/NP-Ukraine-and-France-discuss-cooperation-in-nuclear-energy-01021601.html>.

<sup>816</sup> Ukraine and France Discuss Cooperation in Nuclear Energy, World Nuclear News (London) 1 February 2016. Date of Access: 6 February 2016. <http://www.world-nuclear-news.org/NP-Ukraine-and-France-discuss-cooperation-in-nuclear-energy-01021601.html>.

<sup>817</sup> Ukraine and France Discuss Cooperation in Nuclear Energy, World Nuclear News (London) 1 February 2016. Date of Access: 6 February 2016. <http://www.world-nuclear-news.org/NP-Ukraine-and-France-discuss-cooperation-in-nuclear-energy-01021601.html>.

<sup>818</sup> La France Ratifie L'Accord D'Association Entre L'Ukraine et L'EU, Le Huffington Post (Paris) 26 June 2015. Date of Access: 28 January 2016. [http://www.huffingtonpost.fr/anna-dolya/france-ratification-accord-association-ukraine-union-europeenne\\_b\\_7670620.html](http://www.huffingtonpost.fr/anna-dolya/france-ratification-accord-association-ukraine-union-europeenne_b_7670620.html).

<sup>819</sup> Association Agreement Between the European Union and Its Members States, of the One Part, and Ukraine, of the Other Part, European Union External Action Service (Brussels) 27 April 2015. Date of Access: 6 February 2016. [http://eeas.europa.eu/ukraine/docs/association\\_agreement\\_ukraine\\_2014\\_en.pdf](http://eeas.europa.eu/ukraine/docs/association_agreement_ukraine_2014_en.pdf), L161/5.

electricity, gas, oil and nuclear energy sectors, as well as in the area of energy efficiency.<sup>820</sup> French ratification of the document is an important step towards ensuring the Ukraine will follow through on these reforms, since deadlines for Ukraine's adaptation of its legislation in the energy sector are often based around the date that the treaty enters into force. For example, Ukrainian legislation on energy efficiency must be harmonized with that of the EU "within eight years after entry into force of this Agreement."<sup>821</sup> Thus, French ratification of the accord is an important step.

France provided Ukraine with further support for its energy security by hosting a Franco-Ukrainian Forum on Energy Efficiency on 23 September 2015. During the meeting, French Ambassador Isabelle Dumont congratulated Ukraine on the energy reforms that it had made during 2014.<sup>822</sup> Moreover, a number of French companies shared their knowledge on the subject at the conference and networked with Ukrainian companies to investigate the possibility of future cooperation in this area.<sup>823</sup>

On 7 July 2015, the French government sent a mission of politicians and business leaders to Ukraine, led by the Secretary of State for International Business, Matthias Fekl.<sup>824</sup> A key focus of the visit was the secretary's presentation on how France could help Ukraine develop in strategic sectors like renewable energy and energy efficiency.<sup>825</sup>

However, French Environment Minister Ségolène Royal confirmed France's interest in Gazprom's proposed Nord Stream 2 pipeline on 8 October 2015.<sup>826</sup> Vulnerable states including Poland, Slovakia, Hungary, Latvia, Lithuania and Estonia oppose the pipeline on the grounds that it will undermine key interests of the EU, and further destabilize Ukraine.<sup>827</sup>

In conclusion, France has partially complied with its commitment to support Ukraine and other vulnerable countries as they reform and liberalize their energy systems. While France has supported Ukraine, there is little evidence that it has made similar efforts to help other vulnerable countries during the compliance period. Therefore, France receives a score of 0 for partial compliance.

*Analyst: Andreas Kyriakos*

### **Germany: +1**

Germany has fully complied with its commitment to help Ukraine and other vulnerable countries reform and diversify their energy sectors.

---

<sup>820</sup> Association Agreement Between the European Union and Its Members States, of the One Part, and Ukraine, of the Other Part, European Union External Action Service (Brussels) 27 April 2015. Date of Access: 6 February 2016.

[http://eeas.europa.eu/ukraine/docs/association\\_agreement\\_ukraine\\_2014\\_en.pdf](http://eeas.europa.eu/ukraine/docs/association_agreement_ukraine_2014_en.pdf), L161/1942-L161/1943.

<sup>821</sup> Association Agreement Between the European Union and Its Members States, of the One Part, and Ukraine, of the Other Part, European Union External Action Service (Brussels) 27 April 2015. Date of Access: 6 February 2016.

[http://eeas.europa.eu/ukraine/docs/association\\_agreement\\_ukraine\\_2014\\_en.pdf](http://eeas.europa.eu/ukraine/docs/association_agreement_ukraine_2014_en.pdf), L161/1943.

<sup>822</sup> Forum Franco-Ukrainien Sur L'Efficacité Énergétique, Ambassade de France à Kiev (Kyiv) 12 September 2015. Date of Access: 28 January 2016. <http://www.ambafrance-ua.org/Forum-franco-ukrainien-sur-l-Efficacite-energetique>.

<sup>823</sup> Forum Franco-Ukrainien Sur L'Efficacité Énergétique, Ambassade de France à Kiev (Kyiv) 12 September 2015. Date of Access: 28 January 2016. <http://www.ambafrance-ua.org/Forum-franco-ukrainien-sur-l-Efficacite-energetique>.

<sup>824</sup> Ukraine - Déplacement de Matthias Fekl, France Diplomatie (Paris) 7 June 2015. Date of Access: January 28, 2016.

<http://www.diplomatie.gouv.fr/fr/dossiers-pays/ukraine/la-france-et-l-ukraine/visites/article/ukraine-deplacement-de-matthias-fekl-07-07-15>.

<sup>825</sup> Ukraine - Déplacement de Matthias Fekl, France Diplomatie (Paris) 7 June 2015. Date of Access: January 28, 2016.

<http://www.diplomatie.gouv.fr/fr/dossiers-pays/ukraine/la-france-et-l-ukraine/visites/article/ukraine-deplacement-de-matthias-fekl-07-07-15>.

<sup>826</sup> Russia Warns France of Ukraine Gas Shortage Crisis, RT (Moscow) 28 October 2015. Date of Access: 28 January 2016.

<https://www.rt.com/business/319928-russia-ukraine-gas-shortage/>.

<sup>827</sup> EU Leaders to Clash Over Nord Stream 2 at Summit, EurActiv.com, 4 December 2015. Date of Access: 28 January 2016.

<http://www.euractiv.com/sections/energy/eu-leaders-clash-over-nord-stream-2-summit-320114>.

Germany has provided Ukraine with help to increase its energy diversification and efficiency. On 4 November 2015, Andreas Gies, the Director of the Department at the German Federal Ministry for Economic Cooperation and Development, signed an agreement to give Ukraine EUR136 million in loans and grants to finance projects in a number of areas “including projects to ... support economic growth and the energy independence of the country.”<sup>828</sup>

On 22 July 2015, Germany completed the ratification process signalling its acceptance of the Association Agreement between the European Union and Ukraine.<sup>829</sup> Although the German Bundestag technically approved the agreement in March 2015, the ratification process requires that all documents must be submitted to the EU for the ratification to be completed.<sup>830,831</sup> Given that the EU identifies Germany’s ratification date as 22 July 2015, this action does fall within the compliance period.<sup>832</sup> The Association Agreement includes a chapter on energy, and commits Ukraine to making changes to its legislation in the energy sectors and the area of energy efficiency to harmonize its laws with the *acquis communautaire* of the EU.<sup>833</sup> Germany’s ratification of this accord is particularly important because the agreement cannot enter into force without ratifications from all EU members. Moreover, ratification is an important instrument to encourage Ukraine to undertake the reforms in a timely manner. This is because many of the deadlines that the EU has set out for the country are not formatted as specific dates, but instead as a certain time period following the treaty’s entrance into force. One instance of this is in the area of energy efficiency, where Ukrainian reforms must be completed “within eight years after entry into force of this Agreement.”<sup>834</sup>

Furthermore, Germany held a training program for Ukrainian government officials on “Energy Efficiency in Commercial and Public Buildings” from 1 to 10 June 2015.<sup>835</sup> During the visit, the German government informed participants about issues including: 1) energy-saving technologies; 2) European standards of energy certification; 3) “formation of European energy efficiency policies and instruments;” 4) “implementation of energy efficiency measures in the fields of business, trade, and building maintenance;” 5) “standards and principles of design and construction of passive and low-energy houses.”<sup>836</sup> This program was also directed at educating Ukrainian officials about strategies for implementing a national emissions trading system in Ukraine itself.<sup>837</sup> Although the project overlapped with the G7 summit, the program was not completed until a few days after the summit ended, and therefore it can count as compliance with the commitment. This

<sup>828</sup> Germany to Provide EUR136 Mln in Loans, Grants to Ukraine in 2016, Interfax-Ukraine (Kyiv) 4 November 2016. Date of Access: 6 February 2016. <http://en.interfax.com.ua/news/economic/301484.html>.

<sup>829</sup> Agreement, Council of the European Union (Brussels). Date of Access: 6 February 2016.

<http://www.consilium.europa.eu/en/documents-publications/agreements-conventions/agreement/?aid=2014045>.

<sup>830</sup> Bundestag Ratifies EU Association Agreement with Ukraine, DW (Berlin) 26 March 2015. Date of Access: 6 February 2016.

<http://www.dw.com/en/bundestag-ratifies-eu-association-agreement-with-ukraine/a-18344232>.

<sup>831</sup> Germany Completes Ratification of EU-Ukraine Association Agreement, Unian, 27 July 2015. Date of Access: 6 February 2016.

<http://www.unian.info/world/1105183-germany-completes-ratification-of-eu-ukraine-association-agreement.html>.

<sup>832</sup> Agreement, Council of the European Union (Brussels). Date of Access: 6 February 2016.

<http://www.consilium.europa.eu/en/documents-publications/agreements-conventions/agreement/?aid=2014045>.

<sup>833</sup> Association Agreement Between the European Union and Its Members States, of the One Part, and Ukraine, of the Other Part, European Union External Action Service (Brussels) 27 April 2015. Date of Access: 6 February 2016.

[http://eeas.europa.eu/ukraine/docs/association\\_agreement\\_ukraine\\_2014\\_en.pdf](http://eeas.europa.eu/ukraine/docs/association_agreement_ukraine_2014_en.pdf), L161/1942-L161/1943.

<sup>834</sup> Association Agreement Between the European Union and Its Members States, of the One Part, and Ukraine, of the Other Part, European Union External Action Service (Brussels) 27 April 2015. Date of Access: 6 February 2016.

[http://eeas.europa.eu/ukraine/docs/association\\_agreement\\_ukraine\\_2014\\_en.pdf](http://eeas.europa.eu/ukraine/docs/association_agreement_ukraine_2014_en.pdf), L161/1943.

<sup>835</sup> Energy Efficiency Training in Germany, Federal Ministry for the Environment, Nature Conservation, Building, and Nuclear Safety (Berlin) 1 June 2015. Date of Access: 6 February 2016. <http://eeau.org.ua/en/events/trening-z-pytan-energoefektyvnosti-v-nimechchyni/>.

<sup>836</sup> Energy Efficiency Training in Germany, Federal Ministry for the Environment, Nature Conservation, Building, and Nuclear Safety (Berlin) 1 June 2015. Date of Access: 6 February 2016. <http://eeau.org.ua/en/events/trening-z-pytan-energoefektyvnosti-v-nimechchyni/>.

<sup>837</sup> Study Tour on the Implementation of an Emissions Trading System for Ukrainian Expert Delegation, adelphi (Berlin). Date of Access: 19 March 2016. <https://www.adelphi.de/en/project/study-tour-implementation-emissions-trading-system-ukrainian-expert-delegation>



event illustrates Germany's efforts to provide Ukraine with best practices and knowledge as it makes energy efficiency reforms.

Germany has also made efforts to support energy reforms in other vulnerable countries. For example, on 12 October 2015, the German government-owned development bank, KfW, agreed to provide a loan of EUR100 million to fund a program to increase energy efficiency in multi-family buildings in Bulgaria.<sup>838</sup>

Due to its support for energy competitiveness and diversification in Ukraine and other vulnerable countries, Germany receives a score of +1.

*Analyst: Leila Martin*

### **Italy: +1**

Italy has fully complied with its commitment to support Ukraine and other vulnerable countries in their ongoing efforts to reform and liberalize their energy systems.

Italy has taken steps to support Ukraine's reform of the energy sector. On 19 November 2015, Ukrainian President Petro Poroshenko and Italian Prime Minister Sergio Mattarella signed an agreement to cooperate on various sectors of the economy, including energy.<sup>839</sup>

On 10 July 2015, Italy signed a Memorandum of Understanding and Action Plan on a Joint Approach to Address the Natural Gas Diversification and Security of Supply Challenges as Part of the Central and South-Eastern European Gas Connectivity (CESEC) Initiative.<sup>840</sup> Along with fifteen other countries, Italy has committed to "work together to accelerate the building of missing gas infrastructure links and to tackle the remaining technical and regulatory issues which hamper security of supply and the development of a fully integrated and competitive market in the region."<sup>841</sup> Participants that Italy will be working with to achieve this goal include Ukraine, Hungary, Bulgaria, the Slovak Republic, and the Former Yugoslav Republic of Macedonia.<sup>842</sup> By cooperating to support projects such as the Trans Adriatic Pipeline, and interconnectors between Greece and Bulgaria, Italy will help Ukraine and other vulnerable countries in the region to diversify their energy sectors. The agreement's ultimate goal is to ensure that each participating state has three sources of gas.<sup>843</sup>

Italy has also taken other steps to support other vulnerable countries in the region as they attempt to reform and liberalize their energy sectors. For example, on 10 June 2015, the Italian Embassy to Bulgaria helped to host a forum entitled "More Modern, More Competitive, Stronger: Environment and Energy Efficiency in

---

<sup>838</sup> Germany's KfW Intends to Lend EUR100M to Back Bulgaria's Energy Efficiency Programme, Novonite.com (Sofia) 12 October 2015. Date of Access: 6 February 2016.

<http://www.novonite.com/articles/171284/Germany's+KfW+Intends+to+Lend+EUR+100M+to+Back+Bulgaria's+Energy+Efficiency+Programme+%C2%A0>.

<sup>839</sup> Ukraine, Italy Agree to Cooperate in Energy, Agriculture – Poroshenko, Interfax-Ukraine News Agency (Kyiv) 20 November 2015. Date of Access: 28 January 2016. <http://en.interfax.com.ua/news/general/305381.html>.

<sup>840</sup> Central Eastern and South Eastern European Countries Join Forces to Create an Integrated Gas Market, European Commission (Brussels) 10 July 2015. Date of Access: 6 February 2016. <https://ec.europa.eu/energy/en/news/central-eastern-and-south-eastern-european-countries-join-forces-create-integrated-gas-market>.

<sup>841</sup> Central Eastern and South Eastern European Countries Join Forces to Create an Integrated Gas Market, European Commission (Brussels) 10 July 2015. Date of Access: 6 February 2016. <https://ec.europa.eu/energy/en/news/central-eastern-and-south-eastern-european-countries-join-forces-create-integrated-gas-market>.

<sup>842</sup> Memorandum of Understanding on a Joint Approach to Address the Natural Gas Diversification and Security of Supply Challenges as Part of the Central and South-Eastern European Gas Connectivity (CESEC) Initiative, European Commission (Brussels) 10 July 2015. Date of Access: 6 February 2016.

[https://ec.europa.eu/energy/sites/ener/files/documents/CESEC%20MoU\\_signed.pdf](https://ec.europa.eu/energy/sites/ener/files/documents/CESEC%20MoU_signed.pdf).

<sup>843</sup> Central Eastern and South Eastern European Countries Join Forces to Create an Integrated Gas Market, European Commission (Brussels) 10 July 2015. Date of Access: 6 February 2016. <https://ec.europa.eu/energy/en/news/central-eastern-and-south-eastern-european-countries-join-forces-create-integrated-gas-market>.

Bulgaria.”<sup>844</sup> During the conference, Italian and Bulgarian participants shared knowledge about ways of improving energy efficiency across all sectors, with the hope that this would provide participants with information about best practices.<sup>845</sup> Marco Conticelli, the Italian Ambassador to Bulgaria, noted that “Energy efficiency means competitiveness, security, and [a] clean environment.”<sup>846</sup>

In conclusion, Italy has fully complied with its commitment to support Ukraine and other vulnerable countries as they reform and liberalize their energy sectors. This is largely due to its participation in the CESEC initiative.

Therefore Italy receives a score of +1.

*Analyst: Valerie Steckle*

### **Japan: 0**

Japan has partially complied with its commitment to take action to support Ukraine and other vulnerable countries in reforming and liberalizing their energy systems. It has supported Ukraine in upgrading waste treatment plants, which will aid in energy consumption management, but has not provided similar support to other vulnerable countries.

On 15 June 2015, the Japan International Cooperation Agency (JICA) agreed to loan the Government of Ukraine over JPY108 billion for use in the Bortnychi Sewage Treatment Plant Modernization Project.<sup>847</sup> These funds will enable the replacement of many of the machines within the treatment plant with tools that are more energy efficient and are more environmentally friendly.<sup>848</sup> JICA noted that “a belt condenser for condensing the sludge produced in the water treatment process, a screw-press dryer for drying the sludge condensate, and improved fluidized bed sludge incinerators are among the areas where advanced Japanese technology for saving energy and reducing the environmental burden are expected to be used.”<sup>849</sup>

From 30 November 2015 to 13 December 2015, Japan participated in the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change.<sup>850</sup> While there, Environment Minister Marukawa announced that Japan would provide JPY1.3 trillion in climate finance in 2020 to support developing countries to implement innovative energy technologies.<sup>851</sup> This is a reinforcement of Japan’s 2013 Actions for Cool Earth (ACE) contribution to climate change actions, with an increase in funding of 1.3

---

<sup>844</sup> Bulgarian-Italian Forum on Energy Efficiency Held in Bulgaria’s Capital, EnergyWorld (Sofia) 10 June 2015. Date of Access: 6 February 2016. <http://www.energyworldmag.com/10/06/2015/bulgarian-italian-forum-on-energy-efficiency-held-in-bulgarias-capital/>.

<sup>845</sup> Bulgarian-Italian Forum on Energy Efficiency Held in Bulgaria’s Capital, EnergyWorld (Sofia) 10 June 2015. Date of Access: 6 February 2016. <http://www.energyworldmag.com/10/06/2015/bulgarian-italian-forum-on-energy-efficiency-held-in-bulgarias-capital/>.

<sup>846</sup> Bulgarian-Italian Forum on Energy Efficiency Held in Bulgaria’s Capital, EnergyWorld (Sofia) 10 June 2015. Date of Access: 6 February 2016. <http://www.energyworldmag.com/10/06/2015/bulgarian-italian-forum-on-energy-efficiency-held-in-bulgarias-capital/>.

<sup>847</sup> Signing of Japanese ODA Loan Agreement with Ukraine, Japan International Cooperation Agency. 15 June, 2015. Date of Access: 28 Jan, 2016. [http://www.jica.go.jp/english/news/press/2015/150615\\_02.html](http://www.jica.go.jp/english/news/press/2015/150615_02.html)

<sup>848</sup> Signing of Japanese ODA Loan Agreement with Ukraine, Japan International Cooperation Agency (Tokyo) 15 June 2015. Date of Access: 6 February 2016. [http://www.jica.go.jp/english/news/press/2015/150615\\_02.html](http://www.jica.go.jp/english/news/press/2015/150615_02.html).

<sup>849</sup> Signing of Japanese ODA Loan Agreement with Ukraine, Japan International Cooperation Agency (Tokyo) 15 June 2015. Date of Access: 6 February 2016. [http://www.jica.go.jp/english/news/press/2015/150615\\_02.html](http://www.jica.go.jp/english/news/press/2015/150615_02.html).

<sup>850</sup> The 21<sup>st</sup> Session of the Conference of the Parties to the United Nations (UN) Framework Convention on Climate Change (COP21), Overall Summary and Evaluation, 13 December 2015. Date of Access: 28 January 2016. [http://www.mofa.go.jp/ic/ch/page24e\\_000125.html](http://www.mofa.go.jp/ic/ch/page24e_000125.html).

<sup>851</sup> The 21<sup>st</sup> Session of the Conference of the Parties to the United Nations (UN) Framework Convention on Climate Change (COP21), Action taken by the Government of Japan, 13 December 2015. Date of Access: 28 January 2016. [http://www.mofa.go.jp/ic/ch/page24e\\_000125.html](http://www.mofa.go.jp/ic/ch/page24e_000125.html).

times the previous amount.<sup>852</sup> Without further clarification as to the intended recipients, there is little evidence to suggest that Japan has taken similar actions to help vulnerable states.

Japan has partially complied with its commitment by supporting Ukraine, but has failed to work with other vulnerable states. Therefore Japan receives a score of 0.

*Analyst: Valerie Steckle*

### **United Kingdom: 0**

The United Kingdom has partially complied with its commitment to support Ukraine and other vulnerable countries to reform and liberalize their energy systems. It has done so through numerous funding announcements to support market reform, fossil fuel divestment, and the promotion of energy efficient policies and behaviour in Ukraine.

During the compliance period, the UK government announced GBP150,000 in funding to support the Energy Community Secretariat's efforts to reform Ukraine's energy legislation between August 2015 and March 2016.<sup>853</sup> This funding has been specifically allocated to help the Energy Community Secretariat integrate the electricity provisions of the Third Energy Package (TEP) into Ukrainian law.<sup>854</sup> The TEP is a European Union initiative that aims to fully integrate the EU gas and electricity markets as a means of maximizing energy market effectiveness, reducing prices, and increasing security of supply.<sup>855</sup> It is an important tool to ensure energy liberalization through the adoption of EU best practice. The Energy Secretariat has used UK financing to hire three international experts to draft twenty-four secondary legal acts that will "cover, inter alia, rules on day-ahead and intra-day markets, security of supply and supply of electricity to the customer."<sup>856</sup>

On 4 November 2015, the British Embassy in Kyiv announced an initiative to support the promotion of energy efficient policies in Ukraine through a network of local partners.<sup>857</sup> The project aims to create a targeted campaign to inform and motivate consumers to use energy-saving technologies, reflecting the best practices of similar UK campaigns.<sup>858</sup>

The Government of the UK has also committed GBP159,000 to help the Ukrainian government identify new job opportunities for coal workers who will be put out of work as the country moves away from coal energy.<sup>859</sup> This project, which began in August 2015 and will last until March 2016, is being implemented by

<sup>852</sup> The 21<sup>st</sup> Session of the Conference of the Parties to the United Nations (UN) Framework Convention on Climate Change (COP21), Overall Summary and Evaluation, 13 December 2015. Date of Access: 28 January 2016. [http://www.mofa.go.jp/ic/ch/page24e\\_000125.html](http://www.mofa.go.jp/ic/ch/page24e_000125.html).

<sup>853</sup> United Kingdom-Funded Projects in Ukraine 2015-2016, British Embassy Kyiv (Kyiv) 13 October 2015. Date of Access: 28 January 2016. <https://www.gov.uk/government/world-location-news/uk-funded-projects-in-ukraine-2015-2016>.

<sup>854</sup> United Kingdom-Funded Projects in Ukraine 2015-2016, British Embassy Kyiv (Kyiv) 13 October 2015. Date of Access: 28 January 2016. <https://www.gov.uk/government/world-location-news/uk-funded-projects-in-ukraine-2015-2016>.

<sup>855</sup> Questions and Answers on the Third Legislative Package for an Internal European Union Gas and Electricity Market, European Commission (Brussels) 2 March 2011. Date of Access: 28 January 28. [http://europa.eu/rapid/press-release\\_MEMO-11-125\\_en.htm?locale=en](http://europa.eu/rapid/press-release_MEMO-11-125_en.htm?locale=en).

<sup>856</sup> Energy Community Country Brief Spotlight on Ukraine, Energy Community (Vienna) November 2015. Date of Access: 6 February 2016. [https://www.energy-community.org/portal/page/portal/ENC\\_HOME/DOCS/3882284/246BA821D1883943E053C92FA8C081A6.PDF](https://www.energy-community.org/portal/page/portal/ENC_HOME/DOCS/3882284/246BA821D1883943E053C92FA8C081A6.PDF).

<sup>857</sup> Tender Announcement on Energy Security Project in Ukraine, British Embassy Kyiv (Kyiv) 16 November 2015. Date of Access: 28 January 2016. <https://www.gov.uk/government/world-location-news/tender-announcement-on-energy-security-project-in-ukraine>.

<sup>858</sup> Tender Announcement on Energy Security Project in Ukraine, British Embassy Kyiv (Kyiv) 16 November 2015. Date of Access: 28 January 2016. <https://www.gov.uk/government/world-location-news/tender-announcement-on-energy-security-project-in-ukraine>.

<sup>859</sup> United Kingdom-Funded Projects in Ukraine 2015-2016, British Embassy Kyiv (Kyiv) 13 October 2015. Date of Access: 28 January 2016. <https://www.gov.uk/government/world-location-news/uk-funded-projects-in-ukraine-2015-2016>.

the Management Consultants of Ukraine.<sup>860</sup> This projects illustrates the UK's commitment to energy reform in Ukraine because it supports the Rome Initiative's commitment of "reducing our greenhouse gas emissions, and accelerating the transition to a low carbon economy."<sup>861</sup> By enabling movement away from coal-powered industries, the UK will help Ukraine reduce its greenhouse gas emissions.

The UK is also helping to fund an international conference in Ukraine in 2016 entitled "Ukrainian Energy Infrastructure and Legislation: Challenges and Opportunities for Practical Integration with Energy Systems of Central European Countries."<sup>862</sup> The UK Government has noted that the initiative "aims to deepen the dialogue between Ukraine and EU countries on the safety and reliability of the electricity and natural gas supply, diversifying energy sources, [and] expanding the zone of market competition outside the EU."<sup>863</sup>

Finally, the UK has channeled approximately GBP31,000 into a project with the State Agency on Energy Efficiency in Ukraine that began in August 2015 and will last until March 2016.<sup>864</sup> The goal of this initiative is to share the best practices of the UK's Green Investment Bank to explore environmentally friendly investment criteria and promote energy efficiency.<sup>865</sup>

While the UK has fulfilled its commitment to supporting Ukraine's energy reform and liberalization, there is little evidence that it has placed a similar amount of effort in aiding other vulnerable countries.

In its November 2015 National Security Strategy and Strategic Defence and Security Review, the UK announced its decision to invest GBP1.3 billion in a Prosperity Fund "to promote the economic reform and development needed for growth in partner countries."<sup>866</sup> While the fund will address many issues, one of its priorities is to support energy reform.<sup>867</sup> However, although vulnerable countries in Eastern Europe would likely be eligible to receive some of these funds, the fund's priority countries are Brazil, China, India, Mexico, South Africa, Korea and Turkey.<sup>868</sup> As a result, this funding is not specifically directed at aiding vulnerable states in Eastern Europe and cannot count towards Britain's final compliance score.

In conclusion, the UK has partially complied with its commitment to support energy reform and liberalization in Ukraine and other vulnerable countries. The UK therefore has received a score of 0.

*Analyst: Andreas Kyriakos*

---

<sup>860</sup> United Kingdom-Funded Projects in Ukraine 2015-2016, British Embassy Kyiv (Kyiv) 13 October 2015. Date of Access: 28 January 2016. <https://www.gov.uk/government/world-location-news/uk-funded-projects-in-ukraine-2015-2016>.

<sup>861</sup> United Kingdom-Funded Projects in Ukraine 2015-2016, British Embassy Kyiv (Kyiv) 13 October 2015. Date of Access: 28 January 2016. <https://www.gov.uk/government/world-location-news/uk-funded-projects-in-ukraine-2015-2016>.

<sup>862</sup> United Kingdom-Funded Projects in Ukraine 2015-2016, British Embassy Kyiv (Kyiv) 13 October 2015. Date of Access: 28 January 2016. <https://www.gov.uk/government/world-location-news/uk-funded-projects-in-ukraine-2015-2016>.

<sup>863</sup> United Kingdom-Funded Projects in Ukraine 2015-2016, British Embassy Kyiv (Kyiv) 13 October 2015. Date of Access: 28 January 2016. <https://www.gov.uk/government/world-location-news/uk-funded-projects-in-ukraine-2015-2016>.

<sup>864</sup> United Kingdom-Funded Projects in Ukraine 2015-2016, British Embassy Kyiv (Kyiv) 13 October 2015. Date of Access: 28 January 2016. <https://www.gov.uk/government/world-location-news/uk-funded-projects-in-ukraine-2015-2016>.

<sup>865</sup> United Kingdom-Funded Projects in Ukraine 2015-2016, British Embassy Kyiv (Kyiv) 13 October 2015. Date of Access: 28 January 2016. <https://www.gov.uk/government/world-location-news/uk-funded-projects-in-ukraine-2015-2016>.

<sup>866</sup> National Security Strategy and Strategic Defence and Security Review 2015, Government of the United Kingdom (London) November 2015. Date of Access: 6 February 2016. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/478933/52309\\_Cm\\_9161\\_NSS\\_SD\\_Review\\_we\\_b\\_only.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/478933/52309_Cm_9161_NSS_SD_Review_we_b_only.pdf), 70.

<sup>867</sup> National Security Strategy and Strategic Defence and Security Review 2015, Government of the United Kingdom (London) November 2015. Date of Access: 6 February 2016. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/478933/52309\\_Cm\\_9161\\_NSS\\_SD\\_Review\\_we\\_b\\_only.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/478933/52309_Cm_9161_NSS_SD_Review_we_b_only.pdf), 70.

<sup>868</sup> Prosperity Fund Programme, Government of the United Kingdom (London) 22 December 2015. Date of Access: 6 February 2016. <https://www.gov.uk/guidance/prosperity-fund-programme>.

**United States: +1**

The United States has fully complied with its commitment to support Ukraine and other vulnerable countries to reform and liberalize their energy systems. It has made new efforts to enhance the energy security of Ukraine, and has provided diplomatic support to help improve the energy security of the broader region within the current compliance period.

On 7 December 2015, Vice President Joe Biden announced that the US would provide Ukraine with USD190 million to allow it to take action on various issues including the need to strengthen energy security.<sup>869</sup> Biden made this statement during a short working visit to Ukraine where he urged Ukrainian officials to maintain its support for reforms.<sup>870</sup> Officials from the White House noted that part of these funds would go towards reform efforts aimed at “increasing efficiency, transparency, and resilience in the energy sector.”<sup>871</sup>

The US also cooperated with Canada and the European Union in a joint working group to help Ukraine construct an emergency energy action plan.<sup>872</sup> However, efforts to create an action plan specific to the winter of 2015 to 2016 took place during the compliance period.<sup>873</sup> On 12 June 2015, Bryan discussed the plan with representatives of Energoatom, Ukraine’s nuclear power plan operator, and noted the importance of their involvement, stating that “Energoatom will have the opportunity to point out any gaps in the plan, be they to do with financing, regulatory issues or legislative measures. On all of these issues, we are ready to offer our help.”<sup>874</sup> Following this, twenty experts from countries including the US travelled to Ukraine to work on both the action plan and a three-to-five year sustainability plan in July 2015.<sup>875</sup> On 2 November 2015, the Minister of Energy and Coal Industry of Ukraine, Volodymyr Demchyshyn, met with members of the group to discuss the implementation of the plan and reforms of the energy sector.<sup>876</sup>

Finally, on 14 July 2015, the fifth Energy Security Dialogue between the US and Ukraine took place.<sup>877</sup> During this meeting, the US “committed to working with Ukraine and international partners to further strengthen reform efforts and Ukraine’s energy security.”<sup>878</sup>

The US has also taken steps to encourage the diversification of energy supply in Eastern Europe by providing support for the opening of the Southern Gas Corridor (SGC). The SGC aims to reduce Europe’s energy

<sup>869</sup> Fact Sheet: US Assistance to Ukraine, The White House (Washington DC) 7 December 2015. Date of Access: 31 January 2016. <https://www.whitehouse.gov/the-press-office/2015/12/07/fact-sheet-us-assistance-ukraine>.

<sup>870</sup> Biden Announces More Aid for Ukraine, Calls for Reforms, Radio Free Europe (Prague) 7 December 2015. Date of Access: 31 January 2016. <http://www.rferl.org/content/biden-ukraine-us-poroshenko/27410943.html>.

<sup>871</sup> Fact Sheet: US Assistance to Ukraine, The White House (Washington DC) 7 December 2015. Date of Access: 31 January 2016. <https://www.whitehouse.gov/the-press-office/2015/12/07/fact-sheet-us-assistance-ukraine>.

<sup>872</sup> State of the Energy Union 2015, Commission Staff Working Document on the European Energy Security Strategy, European Commission (Brussels) 18 November 2015. Date of Access: 31 January 2016. [https://ec.europa.eu/energy/sites/ener/files/documents/3\\_EESS.pdf](https://ec.europa.eu/energy/sites/ener/files/documents/3_EESS.pdf).

<sup>873</sup> Volodymyr Demchyshyn and US Deputy Assistant Secretary for Infrastructure Security and Energy Restoration William Bryan Discussed Implementation of the Action Plan for 2015-2016, Web Portal of the Ukrainian Government (Kyiv) 3 November 2015. Date of Access: 31 January 2016. [http://www.kmu.gov.ua/control/en/publish/article?art\\_id=248601447](http://www.kmu.gov.ua/control/en/publish/article?art_id=248601447).

<sup>874</sup> US DOE Advises Ukraine on Winter Fuel Crisis Plan, World Nuclear News (London) 17 June 2015. Date of Access: 31 January 2016. <http://www.world-nuclear-news.org/US-DOE-advises-Ukraine-on-winter-fuel-crisis-plan-17061501.html>.

<sup>875</sup> US DOE Advises Ukraine on Winter Fuel Crisis Plan, World Nuclear News (London) 17 June 2015. Date of Access: 31 January 2016. <http://www.world-nuclear-news.org/US-DOE-advises-Ukraine-on-winter-fuel-crisis-plan-17061501.html>; US, Canadian, EU Experts Will Help Ukraine to Develop Energy Emergency Response Plan, Agency for Rational Energy Use and Ecology Ukraine, 15 June 2015. Date of Access: 31 January 2016. [http://www.arena-eco.org/2015/06/us-canadian-eu-experts-will-help\\_15.html](http://www.arena-eco.org/2015/06/us-canadian-eu-experts-will-help_15.html).

<sup>876</sup> Volodymyr Demchyshyn and US Deputy Assistant Secretary for Infrastructure Security and Energy Restoration William Bryan Discussed Implementation of the Action Plan for 2015-2016, Web Portal of the Ukrainian Government (Kyiv) 3 November 2015. Date of Access: 31 January 2016. [http://www.kmu.gov.ua/control/en/publish/article?art\\_id=248601447](http://www.kmu.gov.ua/control/en/publish/article?art_id=248601447).

<sup>877</sup> United States-Ukraine Energy Security Working Group, US Department of State (Washington DC) 14 July 2015. Date of Access: 31 January 2016. <http://www.state.gov/r/pa/prs/ps/2015/07/244892.htm>.

<sup>878</sup> United States-Ukraine Energy Security Working Group, US Department of State (Washington DC) 14 July 2015. Date of Access: 31 January 2016. <http://www.state.gov/r/pa/prs/ps/2015/07/244892.htm>.

dependence on Russia by buying liquefied natural gas from Azerbaijan instead. For example, the US has strongly supported the construction of the Interconnector Greece-Bulgaria (IGB) pipeline, which would connect to the Trans Adriatic Pipeline (TAP) and form a part of the SGC.<sup>879</sup> The IGB is particularly important for Bulgaria, which relies upon Russia for 95 per cent of its natural gas imports and currently has few alternative supply options.<sup>880</sup>

While US support for Bulgarian energy security commenced prior to the compliance period, it has made new efforts to illustrate its support since the G7 Elmau Summit. In part, this may be due to the project's slow pace of implementation, and Greece's declaration of support for the Russian-backed Turkish Stream pipeline in June 2015.<sup>881</sup> For example, on 10 June 2015, US Special Envoy and Coordinator for International Affairs Amos Hochstein met with Bulgarian President Rosen Plevneliev regarding the IGB.<sup>882</sup>

Furthermore, between 13 and 14 October 2015, Hochstein travelled to Greece for trilateral meetings with Greek and Bulgarian government officials to discuss the need to speed up plans for the construction of the IGB pipeline.<sup>883</sup> Following the meeting, he said that "there was significant progress on the Greek-Bulgarian pipeline and discussions were useful ... We encourage both sides to discuss openly, so to reach a solution."<sup>884</sup> He also emphasized "the importance of continuing progress on the IGB pipeline, as well as the need for diversification of energy sources."<sup>885</sup>

On 4 December 2015, US Secretary of State John Kerry visited Greece and commended the country for its decision to support of the TAP and IGB pipelines, stating that "These are very important energy projects, and they will not only strengthen Greece's economy, but they will help advance regional stability and prosperity."<sup>886</sup> On 10 December 2015, Bulgaria and Greece signed an agreement to build the IGB pipeline.<sup>887</sup>

The US has fully complied with its commitment to support energy reform and liberalization in Ukraine and other vulnerable countries. Therefore, the US receives a score of +1.

*Analyst: Sarah Beard*

### **European Union: +1**

The European Union has fully complied with its commitment to encourage energy reform and liberalization in Ukraine and other vulnerable countries.

<sup>879</sup> US Discourages Greece from Turkish Stream, EurActiv () 13 May 2015. Date of Access: 31 January 2016.

<http://www.euractiv.com/sections/energy/us-discourages-greece-turkish-stream-314566>.

<sup>880</sup> Bryan Dobrev, Game of Pipelines: Bulgaria and Russia's Energy Diplomacy, Geopolitical Monitor 10 December 2015. Date of Access: 31 January 2016. <http://www.geopoliticalmonitor.com/game-of-pipelines-bulgaria-and-russias-energy-diplomacy/>.

<sup>881</sup> Update 1 – Greece, Russia to Cooperate on Turkish Stream Pipeline, Reuters () 19 June 2015. Date of Access: 31 January 2016. <http://www.reuters.com/article/energy-russia-greece-idUSL5N0Z515120150619>.

<sup>882</sup> President Rosen Plevneliev held Talks with Amos Hochstein, Special Envoy and Coordinator for International Energy Affairs in the US Department of State, President of the Republic of Bulgaria (Sofia) 10 June 2015. Date of Access: 31 January 2016.

<https://www.president.bg/news2663/prezidentat-rosen-plevneliev-razgovarya-sas-spetsialniya-pratenik-i-koordinator-po-mezhdunarodnite-energiyni-vaproshi-v-darzhavniya-departament-na-sasht-amos-hohsteyn.html&lang=en>.

<sup>883</sup> Chyssa Liaggou, US Diplomacy to Push for the Greek-Bulgarian Gas Pipeline, Ekathimerini.com (Athens) 13 October 2015. Date of Access: 6 February 2016. <http://www.ekathimerini.com/202487/article/ekathimerini/business/us-diplomacy-to-push-for-the-greek-bulgarian-gas-pipeline>.

<sup>884</sup> Greece, US, Bulgaria Discuss TAP and IGB Pipeline Projects, +Plus.gr (Athens) 14 October 2015. Date of Access: 31 January 2016. <http://www.gazzetta.gr/plus/article/816050/greece-us-bulgaria-discuss-tap-and-igb-pipeline-projects>.

<sup>885</sup> Energy Envoy Meets with Greek Counterparts, Embassy of the United States in Athens, Greece (Athens) 13-14 October 2015. Date of Access: 31 January 2016. <http://athens.usembassy.gov/pr-2015-21.html>.

<sup>886</sup> Joint Press Availability with Greek Foreign Minister Nikos Kotzias, US Department of State (Washington DC) 4 December 2015. Date of Access: 31 January 2016. <http://www.state.gov/secretary/remarks/2015/12/250362.htm>.

<sup>887</sup> Ioannis Michelatos, Greece, Bulgaria Seal the Deal on IGB, Natural Gas Europe () 11 December 2015. Date of Access: 31 January 2016. <http://www.naturalgaseurope.com/greece-and-bulgaria-agreement-igb-27058>.

The EU has helped Ukraine undertake energy reforms by supporting its efforts to develop an emergency response plan for the winter of 2015–2016 during the compliance period.<sup>888</sup> A group of experts from the European Commission cooperated with delegates from Canada and the United States to help Ukraine prepare for increased energy demands during July 2015.<sup>889</sup>

In addition to providing advice on an emergency action plan, the EU strengthened Ukraine's energy security by holding talks with Ukraine and Russia to ensure stable flow of natural gas supply throughout the winter.<sup>890</sup> EU Energy Commissioner Miguel Arias Cañete noted that a new gas package was important in order to: 1) ensure that Ukraine has enough supply for the winter; 2) maintain a stable gas flow from Russia to the EU; 3) illustrate that Russia is a "stable gas supplier."<sup>891</sup> Thus, prior to the expiry of a Ukrainian-Russian gas price deal on 31 March 2015, the EU began to broker talks to extend the discount price that Ukraine had been paying Gazprom.<sup>892</sup> While meetings held from March to early June 2015 do not count as compliance, the EU continued its mediation attempts following a decision by Ukraine to stop buying gas from Russia in late June 2015.<sup>893</sup> Meetings occurred throughout the summer, and the parties reached an agreement on 28 September 2015.<sup>894</sup> While tensions between the two countries rose again in November, Ukraine declared that it had stored enough gas to cover demand for the winter.<sup>895</sup> Although the EU's efforts to ensure a stable gas supply for Ukraine from Russia does not necessarily illustrate support for energy reform and diversification in the country, they are vital to enhancing the state's energy security.

Furthermore, on 10 July 2015, the European Commission signed a Memorandum of Understanding with some members of the EU and Energy Community on the need to integrate their energy markets to improve energy security in the region.<sup>896</sup> The European Commission noted that "the move comes after the Commission's 2014 gas 'stress tests' found that most countries in Central and South-Eastern Europe do not have access to a diversified gas supply due to missing infrastructure links or long-term supply contracts to a single supplier. Other problems in the region include a lack of competition and the inefficient use of interconnections."<sup>897</sup> As such, the group agreed to improve energy infrastructure and reform energy regulations in a number of these states. Signatories included Ukraine, Hungary, Slovakia, the Former

---

<sup>888</sup> US DOE Advises Ukraine on Winter Fuel Crisis Plan, World Nuclear News (London) 17 June 2015. Date of Access: 4 February 2016. <http://www.world-nuclear-news.org/US-DOE-advises-Ukraine-on-winter-fuel-crisis-plan-17061501.html>.

<sup>889</sup> US DOE Advises Ukraine on Winter Fuel Crisis Plan, World Nuclear News (London) 17 June 2015. Date of Access: 4 February 2016. <http://www.world-nuclear-news.org/US-DOE-advises-Ukraine-on-winter-fuel-crisis-plan-17061501.html>.

<sup>890</sup> Ewa Krukowska, Russia, Ukraine Reach Deal on Gas Supplies in EU-Brokered Talks, Bloomberg Business, 25 September 2015. Date of Access: 25 January 2016. <http://www.bloomberg.com/news/articles/2015-09-25/russia-ukraine-reach-deal-on-gas-supplies-in-eu-brokered-talks>

<sup>891</sup> Commission Hopes for New Trilateral Gas Talks on Ukraine, EurActiv.com, 20 August 2015. Date of Access: 6 February 2016. <http://www.euractiv.com/sections/energy/commission-hopes-new-trilateral-gas-talks-ukraine-316964>.

<sup>892</sup> Elena Mazneva and Ewa Krukowska, Russia, Ukraine Summer Package Gas Talks Set to Resume in April, Bloomberg Business, 20 March 2015. Date of Access: 6 February 2016. <http://www.bloomberg.com/news/articles/2015-03-20/russia-ukraine-gas-talks-unlikely-to-lead-to-quick-price-deal>.

<sup>893</sup> EU, Russia, Ukraine Agree Winter Gas Supply Deal, Euractiv.com, 28 September 2015. Date of Access: 4 February 2016. <http://www.euractiv.com/sections/energy/eu-russia-ukraine-agree-winter-gas-supply-deal-318005>.

<sup>894</sup> EU, Russia, Ukraine Agree Winter Gas Supply Deal, EurActiv.com, 28 September 2015. Date of Access: 6 February 2016. <http://www.euractiv.com/sections/energy/eu-russia-ukraine-agree-winter-gas-supply-deal-318005>.

<sup>895</sup> Ukraine Closes Its Airspace to Russia as Gas Supply Dispute Erupts, The Guardian (London) 25 November 2015. Date of Access: 6 February 2016. <http://www.theguardian.com/world/2015/nov/25/ukraine-closes-its-airspace-to-russia-in-latest-escalation>.

<sup>896</sup> Energy: Central Eastern and South Eastern European countries join forces to create an integrated gas market, European Commission, 10 July 2015. Date of Access: 6 February 2016. [http://europa.eu/rapid/press-release\\_IP-15-5343\\_en.htm](http://europa.eu/rapid/press-release_IP-15-5343_en.htm)

<sup>897</sup> Central Eastern and South Eastern European Countries Join Forces to Create an Integrated Gas Market, European Commission (Brussels) 6 July 2015. Date of Access: 6 February 2016. <https://ec.europa.eu/energy/en/news/central-eastern-and-south-eastern-european-countries-join-forces-create-integrated-gas-market>.

Yugoslav Republic of Macedonia and Bulgaria.<sup>898</sup> This indicates the EU's commitment to supporting energy reform and liberalization in Ukraine and other vulnerable countries.

Evidence of this support for the improvement of energy security in other vulnerable countries can be illustrated by the EU's Connecting Europe Facility (CEF) initiatives. On 15 July 2015, EU member states agreed to designate EUR150 million for energy infrastructure projects across Europe, with the majority of the projects based in Eastern Europe and the Baltic Region.<sup>899</sup> The European Commission noted, "The projects will increase energy security by contributing to the completion of an EU energy market and increasing the integration of renewable energy on the electricity grid."<sup>900</sup> They will also help end the energy isolation of some EU countries from Europe-wide energy networks."<sup>901</sup> Supported proposals include a number of projects in vulnerable states. For example, funding has been allocated to build the Lithuanian part of the Litpol Link, which aims to incorporate the Baltic States and Poland further into the European electric grid.<sup>902</sup> A part of the money will also go to the gas sector through work on the expansion of an underground gas storage unit in Bulgaria, and the construction of a gas line between Poland and the Czech Republic.<sup>903</sup>

The EU committed a further EUR217 million for energy projects in vulnerable countries on 19 January 2016.<sup>904</sup> In particular, CEF will finance a proposal to increase energy diversification and efficiency through construction of a natural gas pipeline from Bulgaria to Austria through Hungary and Romania.<sup>905</sup> The European Commissioner for Climate Action and Energy stated that the projects would "help secure supplies and fully integrate Europe's energy market" and would be "crucial to ensuring efficient use of our energy resources."<sup>906</sup>

Furthermore, the Council of the EU adopted the EU Energy Diplomacy Plan on 20 July 2015.<sup>907</sup> At this time, the Council directed the High Representative and the European Commission to use "foreign policy instruments and channels for engagement ... to ensure ... the long-term energy supplies to and transit through Ukraine."<sup>908</sup> They also committed to providing support for the construction of the Southern Gas Corridor (SGC) and "promoting energy reforms, including energy efficiency" among members of the Energy

<sup>898</sup> Central Eastern and South Eastern European Countries Join Forces to Create an Integrated Gas Market, European Commission (Brussels) 6 July 2015. Date of Access: 6 February 2016. <https://ec.europa.eu/energy/en/news/central-eastern-and-south-eastern-european-countries-join-forces-create-integrated-gas-market>.

<sup>899</sup> EU to Invest EUR150 Million in Energy Infrastructure, European Commission (Brussels) 15 July 2015. Date of Access: 30 January 2016. <https://ec.europa.eu/energy/en/news/eu-invest-%E2%82%AC150-million-energy-infrastructure>.

<sup>900</sup> EU to Invest EUR150 Million in Energy Infrastructure, European Commission (Brussels) 15 July 2015. Date of Access: 30 January 2016. <https://ec.europa.eu/energy/en/news/eu-invest-%E2%82%AC150-million-energy-infrastructure>.

<sup>901</sup> EU to Invest EUR150 Million in Energy Infrastructure, European Commission (Brussels) 15 July 2015. Date of Access: 30 January 2016. <https://ec.europa.eu/energy/en/news/eu-invest-%E2%82%AC150-million-energy-infrastructure>.

<sup>902</sup> Baltic Energy Market Interconnection Plan, European Commission (Brussels) 21 February 2016. Date of Access: 30 January 2016. <https://ec.europa.eu/energy/en/topics/infrastructure/baltic-energy-market-interconnection-plan>

<sup>903</sup> [http://europa.eu/rapid/press-release\\_IP-15-5362\\_en.htm](http://europa.eu/rapid/press-release_IP-15-5362_en.htm).

<sup>904</sup> 217 Million Euros to Be Invested in Key Trans-European Energy Infrastructure Projects, European Commission (Brussels) 19 January 2016. Date of Access: 3 February 2016. <https://ec.europa.eu/energy/en/news/energy-eu-invests-217-million-euros-energy-infrastructure>.

<sup>905</sup> 217 Million Euros to Be Invested in Key Trans-European Energy Infrastructure Projects, European Commission (Brussels) 19 January 2016. Date of Access: 3 February 2016. <https://ec.europa.eu/energy/en/news/energy-eu-invests-217-million-euros-energy-infrastructure>.

<sup>906</sup> 217 Million Euros to Be Invested in Key Trans-European Energy Infrastructure Projects, European Commission (Brussels) 19 January 2016. Date of Access: 3 February 2016. <https://ec.europa.eu/energy/en/news/energy-eu-invests-217-million-euros-energy-infrastructure>.

<sup>907</sup> Council Conclusions on Energy Diplomacy, Council of the EU (Brussels) 20 July 2015. Date of Access: 6 February 2016. <http://data.consilium.europa.eu/doc/document/ST-10995-2015-INIT/en/pdf>.

<sup>908</sup> Council Conclusions on Energy Diplomacy, Council of the EU (Brussels) 20 July 2015. Date of Access: 4 February 2016. <http://data.consilium.europa.eu/doc/document/ST-10995-2015-INIT/en/pdf>.



Community.<sup>909</sup> This organization includes vulnerable countries such as Hungary, Slovakia, Poland, the Czech Republic and Bulgaria.<sup>910</sup>

On 24 June 2015, Maroš Šefčovič, the Vice President of the European Commission, made a speech at the German Institute for Economic Research that highlighted the EU's progress and commitment to creating an internal energy market by supporting energy diversification and by investing in new technologies through European Fund for Strategic Investment.<sup>911</sup>

Finally, the European Commission sought the power to vet energy deals between member states and Russia in order to promote energy liberalization and security in January 2016.<sup>912</sup> At this time, Šefčovič outlined the draft energy security rules that would help the EU move towards a single energy union that reduces Russian gas hegemony.<sup>913</sup>

In conclusion, the EU's efforts to aid energy stability across Europe by supporting negotiations between Russia and Ukraine, and to decrease Russian gas dominance through an integrated EU energy market indicate that it has fully complied with its commitment to support energy reform in vulnerable countries. Therefore, the EU receives a score of +1.

*Analyst: Leila Martin*

---

<sup>909</sup> Council Conclusions on Energy Diplomacy, Council of the EU (Brussels) 20 July 2015. Date of Access: 4 February 2016. <http://data.consilium.europa.eu/doc/document/ST-10995-2015-INIT/en/pdf>.

<sup>910</sup> Participants, Energy Community (Vienna) 4 February 2016. Date of Access: 4 February 2016. [https://www.energy-community.org/portal/page/portal/ENC\\_HOME/MEMBERS/PARTICIPANTS](https://www.energy-community.org/portal/page/portal/ENC_HOME/MEMBERS/PARTICIPANTS).

<sup>911</sup> Energy Union: Speech at the German Institute for Economic Research, European Commission (Brussels) 24 June 2015. Date of Access: 25 January 2016. [https://ec.europa.eu/commission/2014-2019/sefcovic/announcements/energy-union-speech-german-institute-economic-research\\_en](https://ec.europa.eu/commission/2014-2019/sefcovic/announcements/energy-union-speech-german-institute-economic-research_en).

<sup>912</sup> EU Seeks New Powers to Vet Member State Energy Deals, EurActiv.com, 26 January 2016. Date of Access: 26 January 2016. <http://www.euractiv.com/sections/energy/eu-seeks-new-powers-vet-member-state-energy-deals-321327>.

<sup>913</sup> EU Seeks New Powers to Vet Member State Energy Deals, EurActiv.com, 26 January 2016. Date of Access: 26 January 2016. <http://www.euractiv.com/sections/energy/eu-seeks-new-powers-vet-member-state-energy-deals-321327>.