Germany opposes tighter investment rules
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Berlin will this week try to block efforts to regulate energy investments by non-EU companies, including the Russian monopoly Gazprom.

The German government has drawn up plans to oppose the reciprocity clause, a rule that would force companies buying EU energy transmission assets to abide by the same open market rules that govern EU companies, according to documents obtained by the Financial Times.

German resistance poses a threat to efforts by the French EU presidency to finalise rules governing the European electricity and gas market at a meeting of energy ministers in Luxembourg on Friday.

An outline agreement was reached at the last energy summit in June and Paris would like to see resolution of remaining issues before the European parliament packs up for election in 2009. However, the key elements of this energy package - unbundling of transmission networks, trans-national regulatory oversight and rules governing the ownership of power grids by non-EU countries - all remain disputed.

The European Commission wants to introduce a reciprocity clause to create a fair business environment for European operators and to prevent a huge sell-off of strategic energy assets as a result of ownership unbundling - the forced separation of energy producers and suppliers from their lucrative gas pipelines and electricity power lines.

Gazprom's interest in acquiring these assets is no secret. However, its decision to cut gas supplies to Ukraine in 2005 over a pricing dispute created widespread alarm within the EU over energy security and these fears increased further after Russia's decision to send troops into Georgia.

Although most member states support a reciprocity clause, Germany's dependence on Russia for more than 40 per cent of its gas imports mean that Berlin is reluctant to upset Moscow on this issue.

One particular reason is that it would derail a strategy pursued by German energy companies of securing upsteam oil and gas rights in Russia by offering European retail and distribution rights in return.

For example, in 2006 chemical giant BASF's Wintershall subsidiary won a stake in a Siberian natural gas field in return for allowing Gazprom to increase its stake in BASF's energy trading unit Wingas to just under 50 per cent.

Government sources told the Financial Times that the European Commission must not be granted a veto over investment decisions, which should be left to national regulatory authorities.

The German government is also set to resist efforts to modify a compromise agreement reached in June on energy unbundling.

The European Commission originally set out to force vertically integrated energy companies to sell their transmission businesses to increase competition and encourage investment.

A watered-down version was still not enough to appease eight countries, forcing energy ministers to accept a "third way". This option would allow energy groups to retain ownership as long as they transferred their networks to an "Independent Transmission Operator" with a separate management.

Fonte: Financial Times, London, October 6 2008, Primeiro Caderno, p. 6.

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