

Interview Maria van der Hoeven

'Our energy companies need the support of their government'

The Dutch Minister of Economic Affairs Maria van der Hoeven (1949) has a dream: to make the Netherlands the great gas hub of North Western Europe. She travels around the world, visiting exporting countries, to make that dream come true. 'I want them to be aware that we have a great infrastructure that they can use to market their gas.'

| by Karel Beckman

Angola, Algeria, Norway, Russia. These are just some of the destinations in Maria van der Hoeven's diary in recent months. In Angola and Algeria, the Dutch Minister of Economic Affairs, talked about the possibilities of importing LNG into the Netherlands. In Norway she talked with the Norwegian Minister of Petroleum and Energy, Terje Riis-Johansen, about the Gas Exporting Countries Forum (GECF), in which Norway has observer status. The Netherlands, like Norway a gas exporting country, has asked to become an observer as well. To Russia she has travelled frequently since she became Minister in 2007, to meet with the likes of vice-Prime Minister Viktor Zubkov and Alexey Miller, ceo of Gazprom. In June she played host to

Medvedev and a high-level delegation of representatives from the Russian government and Gazprom. Van der Hoeven used this opportunity to organise a conference on the "sustainable exploitation of the Yamal peninsula", which she hosted together with Vice Prime Minister Viktor Zubkov. A consortium of Dutch companies, led by Shell, is highly interested in "helping" the Russians develop the enormous gas fields of this Arctic region. In October, Van der Hoeven will be visiting Kazakhstan.

Not surprisingly, energy is a subject the Dutch Minister of Economic Affairs devotes more time to than any other. Her overriding ambition in her energy policy, she says, is to position the Netherlands as the favourite destination for some of the world's primary gas exporting countries. At this moment the Netherlands is still a gas exporter itself. But that won't last forever. The giant Groningen field, which was discovered 50 years ago and has netted the Dutch state some €212 billion so far, is more than half empty. In about 15 years, the field will not produce enough anymore to continue exporting gas. To prepare for this future, Dutch companies have started to build an LNG-terminal in Rotterdam and have plans for two others, for the import of LNG from Qatar, Algeria, Angola and other countries. State-owned infrastructure company Gasunie is also participating in the construction of new pipelines, such as Nordstream, that will

'Its important to make the Russians aware of what a company like Shell can do for them'

Abdullah bin Hamad al-Attiyah, minister of Energy and Industry of Qatar, another luminary in the international energy industry that she has come to know fairly well in the past two years. June also saw the visit to the Netherlands of Russian President Dmitry

enable imports of Russian gas, and the BBL pipeline, through which gas is exported to the United Kingdom. These policies obviously require continued good relations with the gas suppliers of the future. The Netherlands has singled out four of these suppliers as “priority countries” – Russia, Algeria, Kazakhstan and Saudi Arabia – to which Van der Hoeven devotes special attention. Oil, by the way, is part of this equation, as Rotterdam is also the biggest oil port in Europe. At the Ministry of Economic Affairs in The Hague, Van der Hoeven talked to European Energy Review about the strategy behind her efforts to turn the Netherlands into the great Northwest-European “gas roundabout”. ‘People do not want to be exploited’, she says. ‘You have to offer them more than a gas contract.’

Can we sum up your job saying you are travelling around the world, looking for gas?

Well, I don’t buy gas. I leave that to private companies. But as Minister responsible for energy, you have to show your face in those countries. They are countries with a different political system, different views on the role of the State. Our private companies need the support of their government to open doors for them. I have seen this in Angola, in Algeria, in Russia, in Saudi Arabia. Because I visit those countries regularly, I know the people. It makes it easier to do business. I want them to be

aware that the Netherlands has a great infrastructure that they can use to market their gas in North-Western Europe. Don’t you have problems with some of their political regimes? It’s something you have to live with. I can’t change their regimes. Their oil and gas sectors are supervised closely by the government. We organised our gas sector very differently. We made sure the Dutch state gets a fair share of the proceeds. And the government decides the production ceiling for the Groningen field. But for the rest we leave it to the private companies (in this case Exxon and Shell, which exploit the Groningen field, ed.) to organise their business and market the gas. My counterparts in the big gas exporting countries are always curious about our model.

Why would countries sell gas to the Netherlands when there are so many other buyers around?

We are not a threatening country. We are small. That makes it easier to do business. Even more importantly, we also have something to offer. Something that we have and they want.

What is that?

We have expertise in other sectors: energy technology, agriculture, water, health services. When I am in Angola or Algeria, they don’t want to talk only about gas. People don’t want to be exploited. They want something in return. We can deliver that. It’s a two-way street.

Netherlands still fighting for unbundling



Photo: Sake Elzinga / Hollandse

In addition to turning the Netherlands into a major gas hub, the other major ambition of Van der Hoeven's energy policy is to help create a competitive gas and electricity market in Europe. One of the first things she did after she became minister of Economic Affairs, was to take a radical decision in favour of full ownership unbundling in the Netherlands, in spite of fierce opposition from the large utility companies (Essent, Nuon, Eneco, Delta) and even from the largest Dutch employers' association. Critics argue that the Netherlands has isolated itself by adopting more stringent unbundling legislation than is the case elsewhere in the EU, in particular in France and Germany. As a result of the lobbying efforts of those two countries, the so-called Third Energy Package, which was adopted by the EU in the Spring, does not require full ownership unbundling. Still, the Netherlands has not given up this particular fight yet, says Maria van der Hoeven. 'There will be an evaluation of the legislation at some stage', says Van der Hoeven. 'The Third Package clearly states that there must be a level playing field in the energy market. If this turns out not to be the case, we may still reach an agreement on full unbundling'.

Is that your strategy, to emphasize this?

Exactly. We are not just there to buy gas.

So what have you achieved so far in concrete terms?

I hope my efforts will pay off in the long term. As I said, I don't make the deals. In the past, Qatar and Algeria had no use for us. They said, you can't afford our prices anyway. Now they are talking to us. That's partly because the market has changed, of course, demand has gone down. As far as Russia is concerned, it's important to make the Russians aware of what a Dutch company like Shell can do for them. Shell and other Dutch companies are very interested in participating in the development of Yamal in Russia. We talk about this with the Russians at the highest level. These are small steps that eventually should lead up to gas contracts for our pipelines and LNG-terminals.

Do you have a good relationship with the Russians? Do you think they can be trusted?

Look, they are politicians. You have to try to get on the same wavelength with them, try to find out what you have in common. That makes it easier to do business and to say difficult things when they need to be said. If you come in and pound yourself on the chest, that won't work.

Have you found the Russian wavelength?

Yes, we have. The Dutch are business-like. The Russians are romantics of course, in that sense they are different. But we

know what we can offer, we know what we want. We have no hidden agenda. That makes it easier to do business.

What about Kazakhstan?

That is also a very important country for us. I will visit it in October. I will try to explain to my Kazakh colleagues that we have a lot of knowledge in the Netherlands about how to produce gas in difficult circumstances. Maybe we can help them improve their recovery rates.

But there are lots of other potential buyers. For example, the European Union is setting up a gas purchasing organisation, the Caspian Development Corporation. Aren't you competing with the EU then?

I don't think so. The EU is larger than the Netherlands. I think the Caspian Development Corporation can help to solve a number of complex issues, for example around Nabucco.

But Kazakhstan can only sell its gas once.

Yes, but they have plenty of it. I think when you look at our relation with Europe, there are win-win situations. But I would not approve if the Caspian Development Corporation were the only initiative in this context. Then we would make ourselves too dependent on one source. As an individual member state, it makes sense to have your own approach, to emphasize your unique selling points. There is nothing wrong with that.

Brussels is sometimes regarded as arrogant, especially in its attitude towards the Russians. Would you agree?

Lukewarm response from Shell and Exxon

Oil majors Shell and ExxonMobil, which are closely involved in the Dutch gas industry, are not very enthusiastic about the Dutch government's ambition to become "the gas roundabout" of North Western Europe, sources in the industry affirm. The exploitation and marketing of the Dutch gas is carried out by the two oil companies in a close partnership with the Dutch government. Shell and ExxonMobil exploit the Groningen field through a 50/50 joint venture, the NAM, but the marketing of the gas is done by Gasterra, which is a joint-venture of the Dutch state (50%), Shell (25%) and ExxonMobil (25%). The gas infrastructure in the Netherlands is the responsibility of Gasunie, which is 100% state-owned.

For the "gas roundabout" to become a success, it is necessary that private companies in the Netherlands, including Gasterra, import large amounts of gas and LNG from foreign suppliers. This, however, makes Gasterra a direct competitor of its shareholders Shell and ExxonMobil, both in their capacity as

producers of Groningen gas and as independent players in the international gas and LNG market. It is no coincidence that neither Shell nor ExxonMobil is participating in any of the planned LNG-terminals in the Netherlands.

Asked to comment on this potential conflict of interest, Van der Hoeven says, 'each shareholder has its own perception on the development of the North West European gas market. The oil companies think commercially and do not necessarily want to



invest in the Netherlands. My interest is to stimulate investments and security of supply.' Van der Hoeven does not rule out that the shareholder structure of Gasterra needs to be changed, but, she says, 'this is not an end in itself'.

Well (she sighs and is silent for a while) ... It would be arrogant to call someone else arrogant. I do believe that if you want to get results in countries like that, you have to look at what's in it for the other. This is something I have found to be true every time I go somewhere.

The Russians have called for some kind of new energy agreement to replace the Energy Charter Treaty that we have now. The Energy Charter Treaty was a Dutch initiative. Shouldn't the Dutch government come up with a proposal for a new treaty?

I have seen what the Russians want. But we have this Energy Charter. That is what the EU works with. You have to look at the differences of opinion, make compromises and try to come up with a pragmatic solution. But I think there are a lot of good elements in the Russian proposal.

You have said you don't want the EU to lend Ukraine money to pay for their Russian gas contracts, as the Russians have suggested. Why not?

That's not how it works. We are a customers of the Russians, they supply to us. They have a problem getting the gas to us. You can try to help them with that, for example by supporting the construction of new pipelines and in other ways. But we cannot solve the problem they have with Ukraine.

It's their problem?

Yes, it's their problem. We don't want to be manoeuvred into a position where we become part of the problem. That's what's behind Putin's proposal.

Some people have said that the Netherlands should be cooperating more with Belgium and Germany in its efforts to become a gas hub. They don't have gas.

They do have infrastructure.

Yes, well, in that sense we do cooperate. I don't rule out that we will broaden the concept. But the Netherlands has the most potential when it comes to gas. We now have a pentilateral forum for electricity (with Germany, Belgium, Luxemburg and France, ed.). I would like to see a similar construction for gas.

But the Netherlands must be the pivot?

You have to start somewhere. I see what Zeebrugge (the Belgian port, ed.) is doing. But our gas infrastructure is top of the bill. Belgium does not have anything like that.

Is carbon capture and storage (CCS) also part of the "gas roundabout" concept? Do you think CCS is viable?

CCS is not going to save the world, but in this transition period it is a good way of getting rid of some CO₂. The fundamental solution is to try to change our industrial processes in such a way that they generate fewer CO₂ emissions. What emissions are left, you can store underground. Some proponents of CCS just talk about the business case of capturing and storing CO₂. That approach is too limited. But we do need it now, that is clear too. I think the opponents and supporters of CCS should listen to each other better and come to some kind of compromise. It should not become an ideological discussion. ■