

Speaking with a Common Voice On Perspectives for an EU International Energy Policy

By Heinz Riemer*

At this year's first meeting of the European Council in Brussels at the beginning of March under German presidency, the heads of state and government of the now 27 member countries of the European Union along with the President of the European Commission laid down guidelines for an integrated climate protection and energy policy and passed an action plan called *Energy Policy for Europe*.

Before that, on 10 January 2007, the EU Commission had presented a comprehensive energy package in which it addresses energy policy measures to improve competition, security of supply as well as climate and environmental protection. The European Council has largely confirmed this energy package and supports these objectives. The aim of the EU of developing a unified, long-term energy policy that takes into consideration the central topics of energy policy in an even-handed way has been greeted Europe-wide in its basic orientation, and this with the knowledge that rising demand for energy worldwide, Europe's continued and rising dependency on energy imports, and global climatic warming require common, concerted action on the part of EU countries.

Against this background, further enhancement of energy efficiency and ongoing development of renewable energies have rightly been given a prominent place.

- To this end, the European Council has endorsed a binding target of a 20 per cent share of renewable energies in overall EU energy consumption by 2020. In autumn this year, the EU Commission is to present concrete proposals for each national set of objectives which are to be laid down in consultation with the member countries.
- One component of the action plan is also the objective of saving 20 per cent of the EU's energy consumption compared to projections for 2020, as estimated by the Commission in its 2006 Green Paper on Energy Efficiency. Also on this point, implementation by way of national targets still has to be achieved.

These targets, which are generally regarded as very ambitious, are supposed to serve not least of all climate protection, for which equally ambitious aims also have been laid down. The European Council has resolved to assume a voluntary obligation on the part of Europe to take on a pioneering role by reducing greenhouse gas emissions by 30 per cent insofar as other industrial nations also lay down comparable targets. Independently of international accords, it has defined a binding, autonomous target for the reduction of greenhouse gas emissions by the year 2020 of 20 per cent relative to the base year of 1990. The distribution of the burdens of reduction to individual member countries still has to be negotiated in detail.

The above-mentioned European energy action plan from March of this year also deals with the topics of the internal European market for electricity and gas, security of supply as well as energy technologies. It contains not least of all also clear guidelines for an effective European energy policy on the international level in which Europe is to speak with a common voice. It is to be welcomed that European politics has recognized the need to act on this matter and in future wants to pursue the securing of energy supplies as one of the main pillars of a common foreign policy because, in this area too, European co-ordination within an internal European market that is integrating ever more strongly is not only imperative, but ineluctable. Especially in a period in which competition for finite energy resources is increasing worldwide and other importing countries and regions are securing their energy interests through foreign policy, Europe should develop a common understanding of its energy interests in relation to non-EU countries and present as far as possible a united front to the outside world. In a community of 27 countries, a coherent energy foreign policy on the Union level can be shaped and formulated more efficiently than solely by the individual member countries.

With the emphasizing of the external dimension of European energy policy, the circumstance is also taken into account that, according to estimates of the EU Commission's Baseline Scenario, Europe's dependency on energy imports will rise to 65 per cent in 2030 compared to today's dependency of more than 40 per cent. Major advances in energy savings and the enhancement of energy efficiency which the Commission wants to achieve, along with envisaged higher proportions for renewable energies in the energy mix can only limit energy imports, but not replace them.

Energy needs in Europe will, therefore, realistically not be able to be met for the foreseeable future without substantial energy imports — which are essentially the hydrocarbons, oil and gas, along with coal. Europe's energy supply in the future will continue to be tied to a significant degree to the

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international and global contexts. It must, therefore, be seen as an important objective to arrange energy imports from non-EU countries in an economically and politically stable way that minimizes risk. This, in turn, presupposes a geopolitical situation that is as stable as possible and increasingly requires also the political support and flanking of energy projects and current supplies.

It must be seen, however, that action plans and declarations of intent do not amount to concrete policy. A strategy for a coherent energy foreign policy on the European level requires a long-term concept and staying power. The European Council's energy action plan underscores in this sense also that the development of a common concept for energy foreign policy has to be accelerated.

In the energy action plan, the principles take into account that there are already dialogue processes in which the consuming countries co-operate with the producing countries. A co-operative approach is, therefore, being pursued which needs to be developed further in a pragmatic way. This must be borne by the conviction that it is indispensable to create supportable and calculable political relations with producing and transit countries as well as simultaneously contributing as far as possible to stability and international dependability in the countries and regions concerned. Good political foreign relations are fundamentally important for the European Union also in the area of energy. These relations must be consolidated in order to find pragmatic solutions in which all the relevant players can and want to take part — energy-producing and energy-consuming countries, transit countries and also the energy companies — integrated into a stable partnership on both the political and business levels. With regard to Russia, which in the future will remain important for Europe as an energy supplier within the framework of a diversified energy supply-mix, the action plan addresses the need to negotiate and conclude a follow-on agreement for the current partnership and co-operation accord, in particular with reference to questions concerning energy. A lot will depend upon incorporating essential, already accepted principles of the Energy Charter and the Transit Protocol.

For a common European energy foreign policy to come about and be successful in the long run, it will be important to reshape and further develop the present state of uncertainty between national and European jurisdictions and interests in a way consistent with the friendship among member countries. The question concerning how a balance can be ensured between the necessary harmonization within the internal European market as well as the bundling of interests to strengthen Europe's weight on the world energy markets, on the one hand, and the principle of subsidiarity with differing national policy approaches as well as the interest in the sovereignty of member countries with regard to energy policy, on the other, is still waiting for an answer. This answer demands not only a balancing of interests between the supranational and the national levels and a capacity to compromise and reach consensus, but also requires that member countries renounce protectionist approaches, and that exaggerated pretensions to centralize and regulate on the supranational level can be avoided. Express reference must be made to the fact that for the latter aspect, independent competence in the area of energy policy is to date not yet in sight.

In the EU's foreign policy relations, the role of political flanking and of a moderate degree of mutual integration is the right path for co-ordinating a forward-looking energy policy. It can, therefore, only be welcomed that the European Council has spoken out in favour of a European energy policy which should resolutely make efforts to speak with a common voice in negotiations with Europe's international partners (energy producers, energy importers, developing countries).

Despite all the need to act politically, one fact from the perspective of a company operating Europe-wide must not be left unmentioned: To secure energy supplies in Europe it is also important that the distribution of roles between business and politics be preserved. In the future it will continue to remain primarily a task of companies to ensure the security of external energy supply for Europe and to take on the challenges on international markets with strategies which comprise both cautious long-term action to secure energy supplies as well as the ability to respond flexibly to short-term changes in the security situation. In the future the companies must continue to commercially represent the diversification of energy sources, suppliers, transportation routes and types of transportation, to maintain and extend the required infrastructures with high levels of investment, and to maintain Europe as an attractive market for energy suppliers in competition with other importing regions.

In the interests of a secure energy supply, including the supply of natural gas in Europe, globally operating companies are needed which can take on risks, which, with their powers of absorption and bundling, can stand up to producers and potent competitors from other importing regions, and can participate in large-scale international energy import projects, including the upstream, transit and transportation areas. They must be sufficiently strong in the global competition, must not dominate national markets and, mediated by their own business interests, must make a contribution to ensuring that a balanced competitive playing field develops in an integrated internal European energy market.