

Towards a common European foreign policy on energy

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The European Parliament adopted an own-initiative report drawn up by Jacek **SARYUSZ-WOLSKI** (EPP-ED, PL) and called for the development of a common European foreign policy on energy which would significantly contribute to guaranteeing energy security for the whole of the EU, while at the same time pursuing the objective of sustainability at the international level, thus providing EU citizens with substantial added value to efforts made at national level. Energy policy must be an integrated and prominent part of the common foreign policy. Energy policy should be taken into account in all foreign policy contexts.

Whilst Member States should retain their sovereign right to make strategic choices concerning the energy mix, there was a need to elaborate concrete provisions, to be included in the Treaties, leading to the **creation of a common European foreign policy on energy**. This should cover security of supply, transit and investment related to energy security, and the promotion of energy efficiency and energy savings as well as clean and renewable energy sources, particularly in relations with countries whose energy consumption is growing rapidly. Parliament called for a suitable Treaty basis for energy and energy security. A comprehensive European foreign policy on energy must contribute to the implementation of the values and interests of the EU and the main aims of its foreign policy, namely the safeguarding of peace and the primacy of human rights, democracy and the rule of law. Parliament recognised that the EU's dependency on imported energy might have significant effects on the independence of its decision-making in other policy areas.

It supported a gradual approach in progressing towards a common European foreign policy on energy, and called for the setting up, by the end of 2007, of a **precise road map** leading to the formation of such policy, indicating short, medium and long-term objectives, targets and steps, with specific time-frame for implementing them. The Commission was asked to submit an annual progress report concerning the implementation of these objectives, in order to allow the European Parliament to be closely involved in the monitoring of the common European foreign policy on energy. It was also asked to prepare annual reports concerning observance of the rules governing the internal market in the energy sector, notably as regards transparency and compliance with EU competition law, by third-country companies, especially main suppliers, together with all of their subsidiaries.

Parliament went on to call for closer coordination between the Presidency, the Commission and the SG /HR so that they might speak and act jointly with one voice on issues concerning a common foreign policy on energy. Parliament considered it necessary to strengthen the role of the Commission and the Parliament in defining the common foreign policy on energy in the forthcoming revision of the Treaties. It proposed, after the new Reform Treaty enters into force, to appoint, with the approval of the Council and the Commission, a High Official for Foreign Energy Policy, who, wearing a "double hat", would act under the authority of the newly created strengthened High Representative of the Union for Foreign Affairs and Security Policy, a Vice-President of the Commission, thus being anchored both in the Council and in the Commission, and who should be responsible for coordinating all policies under the scope of the common European foreign policy on energy. This person would thereby contribute to the EU's ability to protect its energy security interests in negotiating with the EU's external partners.

Parliament stated its conviction that the Energy Charter Treaty (ECT) should be the cornerstone of the common European foreign policy on energy, and called on the Commission and the Council to demand the application of the ECT, and to include the substance of its Transit Protocol in all treaties and

agreements with its energy partners. Member States and the Commission were encouraged to pursue efforts to promote within the EU neighbourhood, the extension of the principles and norms of the internal market. Parliament urged the Commission to consider extending the European Energy Community comprising the EU and South Eastern Europe, to other third countries, and creating new regional energy markets, such as a Euro-Mediterranean energy community, to ensure security of supply.

Underlying principles for action within a common European foreign policy on energy: it was essential to support the priority initiatives aimed at diversification of energy sources, both geographically and by developing sustainable alternatives. Parliament supported the prioritisation of all the energy diversification projects realised within the neighbourhood – especially those aimed at creating new transport corridors which diversify both suppliers and routes, such as the Caspian Sea-Black Sea - EU Energy corridor. It supported in particular the construction of the Nabucco pipeline, liquefied natural gas infrastructure (LNG), the interconnection of electricity grids and the completion of the Euro-Mediterranean electricity and gas infrastructure rings as well as the realisation of new oil infrastructure projects of European interest such as the Odessa-Gdask and Constanta-Trieste projects. These should be included in the list of high-priority projects of European interest. All instruments and Community policies such as trade, development, competition, research and environment through to financial grants and loans, including those of the EIB, EBR, should be used in a coherent manner to speed up the completion of these infrastructure projects. In the context of incentives for biofuel or biomass use in the EU, it was imperative for the EU to ascertain that such use does not threaten global food security or lead to increased pressure on natural forests, an expansion in monocultures or exotic species plantations, or the exacerbation of climate change through tropical deforestation.

Parliament went on to discuss the **principle of unity in defending the EU's interests**. In the short term, Parliament called on Member States to keep each other and the Commission informed of, and moreover to consult each other and the Commission on, strategic decisions concerning major bilateral agreements with third countries on energy projects which could affect the interests of other Member States and the EU as a whole. Where bilateral agreements have been reached that run contrary to the interests of other Member States and the EU as a whole, Member States and, where appropriate, the Commission should work together to reach agreement ensuring the neutralisation of any negative effects, in particular as regards environmental impact, in accordance with the principle of solidarity. In the medium term, the Commission should be vested with institutional competence to negotiate EU framework agreements with third countries concerning energy supply. The Council and Member States were asked to create a solidarity mechanism.

Parliament then called on the Commission to support the **“energy security clause”** to be included in trade, association, and partnership and cooperation agreements with producer and transit countries, which would lay down a code of conduct and explicitly outline measures to be taken in the event of disruption, or any unilateral change in the terms, of supply by one of the partners. It supported the creation of an efficient mechanism, to include NESCO, with which to react in the event of supply disruptions.

Parliament called for **strengthened cooperation with major producer, transit and consumer countries**, and, in particular, to step up relations in the energy sector with Algeria, Egypt and the other producer countries in the Mashreq/Maghreb region. It supported all steps aimed at promoting transparency, the rule of law and improved governance in the energy sector through energy partnerships with third countries. These must be based on the **principle of reciprocity** and fair and transparent competition, ensuring that the income from energy trading will not be misused and diverted to finance terrorism. Parliament underlined the importance of enhanced energy dialogue with the **United States** and other key energy partners that share EU values, and called on the Community institutions to aim at establishing an Energy Security Partnership with the United States.

Members stressed the importance of the EU's energy partnership with **Russia**, while pointing out that Russia continues to be almost entirely dependent on the EU market and its individual larger-scale

European consumers in its energy exports. They urged the EU to emphasise the mutual interdependence aspects in the EU-Russia energy dialogue, and drew attention to the fact that the energy partnership between the EU and Russia could only be based on the principle of non-discrimination and fair treatment and on equal market access conditions. Parliament emphasised that Russia was already bound by the ECT pursuant to Article 45. It was convinced that, in addition to the need for Russia to ratify the ECT, the EU should negotiate a formal framework document on energy relations with Russia in the context of the future Partnership and Cooperation Agreement. Parliament regarded the mere transposition of the ECT principles into the future Partnership and Cooperation Agreement as redundant, while acknowledging the added value of provisions clarifying or supplementing the obligations contained in the ECT, in particular those contained in its Transit Protocol. It stressed that the ratification of the ECT would be a visible demonstration of Russia's commitment to a reliable energy supply and to energy cooperation based on common principles and values.

The Council and the Commission should use their leverage to persuade Russia to commit itself to open, fair and transparent markets for energy production and supply. Ratification by Russia of the ECT and its Transit Protocol would have a positive influence on the EU's support for Russian accession to the World Trade organization (WTO).

Lastly, Parliament called for a public debate to raise awareness of a common European foreign policy on energy among EU citizens and underline the positive aspects of such a policy, by means of a public information campaign.