

Facing oil challenges

2008/2212(INI) - 21/01/2009

The Committee on Industry, Research and Energy adopted an own-initiative report by Herbert **REUL** (EPP-ED, DE) on possible solutions to the challenges in relation to oil supply.

MEPs stress that increasing attention will have to be paid at European level to the diversification of energy supply routes and sources, energy savings and energy efficiency, in order to guarantee the security of energy supply in the coming decades. Oil is a finite resource so it is becoming ever more urgent to develop a coherent and comprehensive Community energy policy in order to ensure security of supply at a time when the European Union is becoming increasingly dependent on imports.

Exploitation of existing resources: the report stresses that all measures that could reduce demand for fossil energy sources should be vigorously pursued and supported, in this regard, the Commission's proposal for the short-term measures to be taken if necessary to mitigate future oil price spikes. The Commission is called upon, in dialogue with the oil companies and producer countries, to seek ways in which steady investment can be secured despite fluctuating prices and profits.

The Member States are called upon to provide financial support for investments in alternative energy sources such as renewable energy, and to prioritise consumer awareness measures promoting the purchase of energy-efficient goods and services in order to minimise long-term expense as well as to mitigate a future decrease in oil supply.

The report urges a more dynamic relationship between the European Union and the oil-producing countries involving a willingness to give as well as take on both sides and aiming towards a more stable and smoothed supply and pricing environment for oil, which would be in the interests of all parties concerned and the world economy at large.

Market transparency and pricing: MEPs are concerned about the volatility of oil prices and its impact on economic and financial stability, and therefore urge the Commission and the Member States to ensure the highest practicable level of transparency in energy markets, and to work towards greater transparency within the framework of their dialogues with producer countries.

The report highlights the need to prioritise the monitoring of competition in the processing and sale of oil and petroleum products and to increase the transparency of data on commercial oil stocks.

According to MEPs, the function of strategic reserves is to respond to physical bottlenecks arising from supply shortages. For this reason and for reasons of sustainable budgetary policy, they reject all attempts to counter oil price volatility by using these reserves.

MEPs stress the importance of actively working to make new alternative energy accessible to small businesses in order to make them less dependent on oil price fluctuations. They also stress that an effective emissions trading system and the adoption of a wide range of other energy saving measures should be important tools for stimulating the development of a wide-ranging, cutting-edge market for energy-efficient technologies and products.

Investments in oil extraction and processing: the report notes that, according to the IEA, annual investments amounting to US\$ 350 billion are necessary in the oil industry by 2020 in order to guarantee security of supply. In this context, MEPs call on the Commission and the Member States to provide incentives for investment, in particular within the European Union. They highlight the role of long-term

investment security in this connection but reject the notion of public money being substituted for private investments and capital.

Transport routes: stressing the crucial importance of good neighbourly relations among transit states and between them and their neighbouring countries, MEPs urge the Member States and the Commission to step up their efforts in this connection and to work towards stabilisation, in particular in producer countries threatened by political instability, within the framework of the common foreign, trade and security policy.

Moreover, MEPs call on the Member States and the Commission to consider including oil infrastructure in the Trans-European Energy Network (TEN-E). In this context, the new oil infrastructure projects, such as the Odessa-Gdansk and Constanta-Trieste pipelines, should continue to be high-priority projects of European interest.

Transport and buildings: MEPs draw attention to the potential for energy savings in the buildings sector, which could reduce demand for fossil energy sources such as oil and gas. However, they express doubts regarding the medium and long-term suitability of first-generation biofuels as a substitute for oil and call for increased efforts in researching synthetic fuels.

MEPs call for measures to shift transport and mobility towards more sustainable modes that consume little or no oil, such as rail, waterborne transport and intermodal mobility chains in urban areas (walking, cycling, public transport, vehicle sharing).

Relations with countries with rising oil consumption: the report stresses the vital importance of a coherent strategy as regards the EU's main external suppliers. MEPs consider that increased account must be taken of energy-policy matters in the Union's common external relations with countries whose energy consumption is rising sharply, and that the European Union must work towards cutting state subsidies for oil products.

According to MEPs, the continued reliance on national solutions must give way to new and close forms of political and economic cooperation between the EU, the US, Russia and China, which must also be given institutional form in the medium term.