

Facing oil challenges

2008/2212(INI) - 11/03/2009 - Text adopted by Parliament, single reading

The European Parliament adopted by 471 votes to 190, with 16 abstentions, a resolution on possible solutions to the challenges in relation to oil supply, in response to the Commission Communication entitled "Facing the challenge of higher oil prices".

The text adopted in plenary had been tabled by the EPP-ED and PES groups, in accordance with Rule 45 (2) of the Parliament's Rules of Procedure, in the form of a proposal for a resolution to replace the proposal for a resolution tabled by the Committee on Industry, Research and Energy.

The resolution notes that many oil resources, some of them easily extractable, are at present not fully accessible in many countries of the world. Yet, according to calculations, worldwide demand for oil will be more than a third higher in 2030 than it was in 2006. The European Union's dependence on oil imports will rise to 95% by 2030, whilst, at the same time, conventional oil reserves will be increasingly concentrated in the countries in the strategic ellipse, and growing competition in demand could create uncertainties in supply.

(1) Exploitation of existing resources: the resolution stresses that all measures that could **reduce demand for fossil energy sources** should be vigorously pursued and supports, in this context, the Commission's proposal for short-term measures to be taken if necessary to mitigate future oil price spikes. The Parliament also calls for intensification of efforts to **make unconventional oil resources commercially viable**, and in this way to contribute to diversification, provided that environmentally friendly extraction processes are developed and then used.

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. MEPs consider that the use of oil and other carbon-intensive energy sources should be reduced, both through increased energy efficiency and by a shift to **more carbon-neutral solutions**, such as nuclear energy and energy derived from renewable sources.

The resolution calls for a **more dynamic relationship between the European Union and the oil-producing countries** aiming towards a more stable and steady supply and pricing environment for oil, which would be in the interests of all parties concerned and the world economy at large.

(2) Market transparency and pricing: the Parliament considers it vital to improve market transparency in order to stabilise oil prices. The Commission is called upon to submit corresponding **proposals** to Parliament and the Council.

The resolution stresses 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.

MEPs emphasise that differing technical specifications for oil products in the main importing countries lead to market fragmentation that may play a key part in pushing up prices in the event of supply shortages. The Commission is called upon to submit proposals outlining ways in which such constraints on market access can be removed.

According to the Parliament, the function of strategic reserves is to respond to physical bottlenecks arising from supply shortages. For this reason, it rejects all attempts to counter oil price volatility by using these reserves.

The resolution stresses 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. Lastly, it stresses 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.

(3) Investments in oil extraction and processing: the resolution notes that, according to the IEA, annual investments amounting to USD 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 their corresponding policies, also and 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.

(4) Transport routes: stressing the crucial importance of **good neighbourly relations** among transit states and between them and their neighbouring countries, MEPs call on the Member States and the Commission 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 networks (TEN-E). In this regard, new oil infrastructure projects such as the **Odessa-Gdansk and Constana-Trieste pipelines** should continue to be high-priority projects of European interest.

Lastly, the Parliament is concerned at the growing **piracy** that threatens international shipping and at the threat to transport routes and strategic infrastructure posed by **terrorism**. It calls on the Commission and the Member States to step up the dialogue with key players.

(5) Transport and buildings: MEPs point 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 additional 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, etc.).

(6) Relations with countries with rising oil consumption: the Parliament considers that increased account must be taken of energy policy matters in the European 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. The Commission is called upon to include in its common foreign, trade and neighbourhood policy measures that can contribute towards progress being made worldwide in removing the link between economic growth and oil consumption.

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