

# Engaging in energy policy cooperation with partners beyond our borders: strategic approach to secure, sustainable and competitive energy supply

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**PURPOSE:** to put forward suggestions with a view to drawing up an external energy policy.

**BACKGROUND:** the EU's energy policy has three objectives: secure sustainable and competitive energy – and its external dimension is crucial for all three. The EU **imports over 60% of its gas and over 80% of its oil** and faces growing competition for fossil fuel resources, including from emerging countries and energy producers themselves.

The [Energy 2020 strategy](#) identified strengthening the **external dimension of the EU energy policy** as one of the key priorities in the coming years. The Member States, the European Parliament and European citizens have repeatedly called for the EU to speak with a common voice when it comes to external energy relations. A consistent and well coordinated external energy policy is also vital to the **completion of the internal market** and the delivery of key policy targets, including in international cooperation. A coherent, dynamic and pro-active external energy policy is vital to enable the EU and its Member States to establish a lead position in energy geopolitics, to effectively **promote both EU and national energy interests** beyond the EU's borders, and to contribute to the competitiveness of the European industry.

**CONTENT:** to maximise this potential and to assert EU and Member State interests more effectively in changing world energy markets, this Communication proposes **a number of strategic actions and objectives**, in line with European Union interests. It suggests the drawing up of an external energy policy with the following priorities:

**1) Building up the external dimension of the internal energy market:** the EU energy market depends on high levels of imports to function, and therefore depends on free and transparent markets. In their absence, the EU is vulnerable to political and price volatility. Supply security in one part depends on security across the market as a whole. External energy policy needs to reflect the **interconnectedness of the internal market and the interdependence of the EU Member States**.

The main objectives are the following:

***Coordination in the internal market: enhancing the influence of the EU and Member States:*** bilateral agreements of Member States with third countries have a significant impact on the development of energy infrastructure and energy supply to the EU. They must be in full compliance with EU legislation. The Commission therefore proposes, together with this Communication, a Decision setting up an **information exchange mechanism** on intergovernmental agreements between Member States and third countries in the field of energy.

Furthermore, the leverage of the EU internal energy market should be better used to **facilitate large-scale infrastructure projects** linking the EU network to third countries, particularly ones with political, commercial or legal uncertainties.

**Network integration: diversification of supply sources and routes:** the EU needs to expand and diversify links between the European network and neighbouring countries. In this perspective, it should:

- pursue the implementation of the key infrastructure projects defined in the Commission Communication on ['Energy infrastructure priorities for 2020 and beyond'](#);
- diversify gas and oil supply sources and routes including by opening the **Southern Corridor** as a matter of urgency;
- promote **viability and continuous functioning** of the existing oil and gas infrastructure in the East and support the rehabilitation of the Ukrainian gas transmission network by 2020;
- develop a tri-partite cooperation at political and administrative level with **Russia and Ukraine** to ensure stable and uninterrupted gas supplies through the Eastern Corridor.

**Market integration with neighbouring states:** the Commission and the High Representative of the Union for Foreign Affairs and Security Policy are committed to stepping up energy cooperation to improve market integration and energy security with European Neighbourhood policy partners. The aim is to achieve an integrated energy market with all countries of its neighbourhood based on regulatory convergence. However, a **differentiated approach** will be needed to build balanced partnerships reflecting the willingness of the countries to approximate their regulatory framework to the EU and, where relevant, to implement carbon pricing as an element of a level playing field for power producers. In this regard, the Commission suggests:

- stepping up energy cooperation with countries engaged in the EU accession process;
- deepening and extending the validity of the Energy Community Treaty beyond 2016, and focusing on effective implementation;
- proposing to partners a regional EU-Southern Mediterranean Energy Partnership initially focused on electricity and renewable energy market development in these countries by 2020
- encouraging third countries to implement ambitious energy efficiency and renewable energy policies and carbon pricing, while ensuring a level playing field for the power sector.

**EU-Russia energy dialogue:** Russia has a uniquely important role in Europe's energy market. Our common aim should be the **increased convergence of the two energy markets**. Our energy cooperation requires a new and strong legal base. Therefore, the negotiations on the New EU-Russia Agreement need to address crucial topics like access to energy resources, networks and export markets, investment protection, reciprocity, crisis prevention and cooperation, level playing field, and pricing of energy resources.

Legal certainty is also needed on **nuclear issues**, where the Euratom-Russia nuclear cooperation agreement is currently under preparation. In the Baltic region, where it is necessary to synchronise the Baltic States' networks with the power system of the Union, the EU should work towards the conclusion of a technical agreement between the EU, Russia and Belarus on the rules for the management of electricity networks in the region.

**2) Strengthening partnerships for secure, safe, sustainable and competitive energy:** as a major energy consumer, importer and technology provider, the EU has an interest in the energy policy developments of its partners across the globe. It is in the EU strategic interest to build stable and long-term partnerships with its key suppliers and new potential suppliers, as well as consumer countries, including emerging economies.

The EU has some of the world's highest **standards** of market transparency and regulation, as well as high standards of nuclear and oil and gas safety. Through international cooperation the EU can help other countries raise their standards.

Lastly, a **stable and predictable framework** for trade and investment is vital: the EU should continue to include key principles for trade and investment such as non-discrimination and market access and make them enforceable through effective dispute settlement procedures both in bilateral agreements as well as in multilateral legal frameworks. These rules should be negotiated to suit the specific energy relations and interests of individual countries, or groups of countries.

**3) Improving access to sustainable energy for developing countries:** today, 1.4 billion people around the world, most of them in Sub-Saharan Africa and South Asia, still lack access to electricity and 2.7 billion people still rely on traditional uses of biomass for cooking. The Commission's [Green Paper](#) on the EU development policy highlights how sustainable energy is a key driver of development.

Energy plays a vital role in achieving **Millenium Development Goals** and is a key driver for poverty eradication and inclusive growth. Yet access to modern energy services remains one of the main challenges for sustainable development and is therefore at the heart of the Commission's development policies.

In Africa, EU efforts should be fully mobilised to achieving the **Joint EU-Africa Energy Partnership** targets on access to modern energy services, regional interconnections and renewable energy. The EU Energy Initiative will be further expanded and adapted to take into account the global challenges such as climate change.

**4) Better promoting EU policies beyond its borders:** this would be mainly achieved by:

- setting up a **Strategic Group** for International Energy Cooperation;
- promoting concrete action on offshore drilling safety, nuclear safety and low emission development strategies in the G-8/G-20 energy agenda and cooperating with third countries to address the volatility of energy prices;
- exploiting further synergies with the **International Energy Agency's** work on energy forecasts, market analysis and technology collaboration;
- creating an **information-sharing tool** designed to gather and display relevant data on EU and Member States energy programmes and projects in third countries.

The Commission considers that these priorities should be reflected in the work of the **High Representative and the EEAS, giving EU Delegations in strategic partner countries** an active role in their implementation. It invites the European Parliament and the Council to endorse the proposed approach and also looks forward to continuing the dialogue with all stakeholders to make the ambition of an EU external energy policy a reality.