

# Towards a common European foreign policy on energy

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The Foreign Affairs Committee 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.

It pointed out that due to current existing and increasing energy supply dependency on largely unstable and undemocratic countries, efforts to ensure security of supply exclusively at the national level had proved to be insufficient. The EU's dependency on imported energy might also have significant effects on the independence of its decision-making in other policy areas.

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.

The Committee 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.

The Committee went on to propose the following:

- after the new Reform Treaty enters into force, to appoint a High Official for Foreign Energy Policy, who, wearing a “double hat”, would act under the authority of the newly created High Representative of the Union for Foreign Affairs and Security Policy, a Vice-President of the Commission. This person would be anchored both in the Council and in the Commission, and should be responsible for coordinating all policies under the scope of the common European foreign policy on energy;
- the Commission and the Council should strongly demand the application of the Energy Charter Treaty, and include the substance of the Transit Protocol in all treaties and agreements with its energy partners;
- Member States and the Commission should pursue efforts to promote within the EU neighbourhood the extension of the principles and norms of the internal market. The Commission was urged to consider extending the European Energy Community comprising the EU and South Eastern Europe, to other third countries, such as a Euro-Mediterranean energy community, to ensure security of supply.

**Underlying principles for action within a common European foreign policy on energy:** the Committee felt that it was essential to support the priority initiatives aimed at **diversification** of energy sources, both geographically and by developing sustainable alternatives. It 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 ranging from political dialogues 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.

The Committee went on to discuss the **principle of unity in defending the EU's interests**. In the short term, the Committee 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.

The Committee 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, including measures to make effective use of warning systems and build up an interconnecting EU energy crisis infrastructure, especially for gas and electricity, which could be used to assist Member States in need.

The Committee 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. 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. 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 new Partnership and Cooperation Agreement. 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, the Committee 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.