

Commissioner Piebalgs' participation in the

**3rd Commission - World Energy Council
Joint Seminar**

Brussels, 30 June 2006, 14.30-17.30 pm

**-Opening Remarks -
(15 min)**

Ladies and gentlemen,

First of all, I would like to welcome all of you to Brussels.

I am very pleased to join Mr Gadonneix in opening our seminar and co-chairing the first session.

At our seminar last year, I said that the next five years would be a “**watershed period**” for Energy Policy in Europe. I am even more convinced of this now than I was then. We live in challenging times. Global energy demand continues to grow, high and volatile oil and gas prices look likely to be with us for a sustained period, and in many parts of the globe, development is being held back by energy poverty. At a time when very large investments need to be made, uncertainties abound. The global climate challenge is not being met.

In these times, **energy policy** must enable us to react intelligently to the challenges of today's rapidly evolving markets, to ensure our influence on global energy developments and to manage our increasing external energy dependence. It must provide an answer to the question of how to achieve our Kyoto and - much more challenging - future post-Kyoto objectives, in a manner that is compatible with our Lisbon aspirations. It must enable us to lead the global search for energy solutions.

This past year has seen clear calls from the European Council for the development of an **Energy Policy for Europe**. Since the Hampton Court Summit, our work has been at the very top of Europe's political agenda. I expect that it will stay there.

Supporting the broad lines set out in the Commission's **Green Paper** on a European Strategy for Sustainable, Competitive and Secure Energy, the clear message from the European

Council is that European Energy Policy must address **all three core objectives** of sustainable development, competitiveness and security. It must be ambitious. It must build on strong implementation and further development where necessary of what we have already established, notably on the internal market front. It must encompass external aspects – Europe must be effective on the international energy stage, speaking with one voice.

Developing and implementing an Energy Policy for Europe for today's world will be a challenge for us all. I believe that we have got off to a good start with the Green Paper and the subsequent contributions by the European Council, Council and the European Parliament. A joint paper from the Commission and the High Representative on external aspects of energy policy was welcomed by the European Council earlier this month.

The **public consultation** launched by the Green Paper is now underway. An Energy Policy for Europe needs to be inclusive. It needs to involve citizens, businesses and Member States in its preparation and development, as well as the European institutions. We will all be involved in its follow-through. The contributions of organizations such as the World Energy Council, bringing a broad range of experience and reflection to bear, are very valuable.

In the first session of our seminar, **Mr Barbaso** will outline the Commission's thinking at this stage on the development and implementation of an Energy Policy for Europe and our plans for the next months. I would like to highlight some points which seem to me to be particularly important.

Firstly, without additional action, our existing energy policy will not meet the EU's long term aspirations on **global warming**. We are all convinced of the need to address global warming, not just at the EU level, but at the global level. Efforts to get global "buy-in" to address this challenge must remain our first priority. Currently, few countries actually have a concrete plan to limit, let alone reduce emissions. This is simply irresponsible and every year that goes past without an adequate response at global level will make the problem more difficult to solve. A truly international - global - agreement to address this is therefore vital and urgent.

There is no shortage of ideas on how to square this circle. The CEO of the Swedish electricity company, Vattenfall, for example, has recently published an article proposing a Kyoto-type mechanism that would already include developing countries such as India and China. This

system of “adaptive burden sharing” with a global system of emissions trading, would enable the developed nations to really address global warming in an economically rational manner whilst at the same time already having the Treaty-based guarantee that the developing world would also take effective measures at a future date.

The EU must continue to lead by example in action on global warming. We are already at the forefront of approaches to decouple economic growth from increasing energy consumption, and our businesses can have a head-start in the expanding global market for efficient, low-carbon technologies. The full review of the EU Emissions Trading Scheme gives an opportunity for expanding and further improving the functioning of the scheme.

The second point which I would like to highlight is the urgent need for Europe to develop a **common, strong voice on the international stage**. Europe is the World’s second largest energy consumer after the United States, yet its influence on the international stage hardly reflects this.

Europe needs to agree on what exactly are its external energy goals. This needs to be addressed in a focussed manner and at a sufficient political level. For example, Europe needs to identify which new pipelines and LNG facilities are in *its* interests in order to diversify its energy suppliers. It then needs to agree on these, and to agree a concrete plan of action to make them a reality. We need to ensure that Europe really speaks with one voice on energy issues, agreeing our objectives and pursuing them collectively.

A welcome development will be the coming into force tomorrow of the **Energy Community Treaty**. This Treaty creates the largest internal energy market in the world, bringing together the 25 Member States of the European Union with 9 close European states and territories into a single trading block. It is a central plank in our external energy policy. The single regulatory space created provides a means of spreading EU standards, a means for non-EU countries to access the EU market, and a solid basis for the development of investments and imports, including direct connections to countries bordering on the substantial reserves of the Caspian Sea and the Middle East. There is the possibility to expand the Energy Community to countries such as Moldova, Turkey, Ukraine and Norway.

A third and final point which I would like to highlight concerns the **energy mix** in Europe. We need to agree a common vision on where we wish our overall energy mix to head in order to ensure that we can meet our trio of core objectives – sustainability, competitiveness and security of supply. We need to be clear on where our energy market will be in future decades if we do not make changes today, shaping our energy mix.

Energy mix choices are a matter for Member States and markets. But that does not stop them being of real interest to us all in Europe, relating to our common progress to our objectives. A common vision on our future energy mix should permit Member States to fully judge the impact of their own energy intentions and decisions on the wider European picture.

In this context, I welcome **WEC's work** on the different energy systems in Europe and beyond and on the contribution of nuclear energy. This is directly relevant to our focus on our energy mix. I welcome the opportunity which this joint seminar provides for discussions between us.

The Commission proposed in the Green Paper the preparation on a regular basis of a **Strategic EU Energy Review**. The European Council has welcomed this proposal and the first such review will be prepared by the end of this year. It will encompass strategically important issues such as I have highlighted. I believe that this **process**, based on consultation and collaboration and a regular review approved by Heads of State and Government, will be instrumental in creating a real, cohesive European Energy Policy.

I understand that in China the phrase “may you live in interesting times” is often used almost as a curse. I do not see it as such – and we do indeed live in interesting, challenging times.

Thank you for your attention.