Energy Security Seminar

Common External Energy Challenges

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Common external energy challenges

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Energy Security policies
Common risks

**External context:**

- Increasing global energy demand (emerging economies – particularly China, India);
- Volatile energy prices – currently around 40$ per barrel after 147$ high – an unsettling environment for investments in the energy sector;
- Ageing energy infrastructures and a lack of sufficient investment to match forecast global energy demand;
- Climate change and environmental concerns – what will be the response post-Kyoto?
- Resource management strategies amongst some producers that appear to go beyond purely economic considerations.
Energy Security policies
Specific risks

Specific risks:

- Risk of external geopolitical or commercial disputes affecting energy flows;
- Exposure of crucial external energy infrastructure to disruptions caused by a variety of reasons, including lack of effective maintenance or investment, adverse climatic conditions or a terrorist threat;
- Danger of increasing protectionism and external suppliers adopting anti-competitive practices;
- Unforeseen events, be they political, economic or environmental.
Energy Security policies
Common objectives

- To ensure a reliable, competitive and sustainable flow of energy;
- Security of supply, security of demand and security of transit:
  - For importers - diversification of energy imports by fuel, by source and by transportation route;
  - For exporters – diversification of energy markets and transportation routes;
- Promoting the development of the necessary energy infrastructures:
  - The mutually beneficial development of production and export capacities in producer countries in a safe and secure environment;
  - The upgrade of existing and the development of new energy transportation infrastructures by producer, transit and consumer countries;
- Improvement of the investment conditions in the energy sector,
- Improvement of the conditions for energy trade, including non-discriminatory transit and third party access to the export pipeline infrastructures,
- Promoting the highest levels of physical and environmental safety and security of energy infrastructures,
- Encouragement of energy efficiency and energy savings and promoting the use of the relevant Kyoto Protocol mechanisms.
Full operation of the EU’s network of energy security correspondents to monitor the external security of energy supply.

2007 Communication on the Black Sea region and an EU Strategy on Central Asia.

Full implementation of the bilateral MoU’s on energy signed with Ukraine, Azerbaijan, Kazakhstan, Turkmenistan and others.

Examining how to enhance our energy relations with other key partners in the Caspian basin and central Asia, including possibly Uzbekistan (consultations next week).

Negotiating and finalising a post partnership and co-operation agreement with Russia, in particular relating to energy issues.

Ensuring the implementation of the Energy Community Treaty and extending it to Norway, Turkey, Ukraine and Moldova.


EU Central Asia Strategy
Key energy proposals

- Recognises the common interest between the EU and Central Asia on energy security;
- Identifies oil, gas, electricity and hydro generation as key areas for co-operation;
- Objective is to promote the creation of an integrated Central Asian energy market and support public-private partnerships that encourage EU investment.

- Emphasises the importance of this Baku Initiative and underlines that the energy co-operation with Central Asia is based upon the four objectives agreed at the Astana Ministerial meeting in 2006.
  - Convergence of energy markets on the basis of the EU internal market principles taking into account the particularities of the partner countries;
  - Enhancing energy security by addressing the issues of energy exports/imports, supply diversification, energy transit and energy demand;
  - Supporting sustainable energy development, including the development of energy efficiency, renewable energy sources and demand side management.
  - Attracting investment towards energy projects of common and regional interest.
Eastern Partnership Proposal

Key energy proposals

- Energy interdependence provisions in Association Agreements.
- Swift completion of negotiations on Ukraine and Moldova’s membership of the Energy Community.
- Agreements on energy with Moldova, Georgia and Armenia when needed.
- Support for the full integration of Ukraine’s energy market with the EU.
- Enhanced political engagement with Azerbaijan and finalisation of a European Commission-Belarus declaration on energy.
- Encouraging partners to participate in the Intelligent Energy Europe Programme.
- Energy Security Platform to develop and enhance energy support and security mechanisms:
  - Early Warning mechanisms and Joint Security actions,
  - Strengthen contacts on energy security and enhance energy crisis preparedness through the creation of an energy security panel,
  - Accelerate harmonisation of partners’ energy policies and legislation with EU practice and acquis,
  - Creation of an interconnected and diversified energy market between the EU and partner countries,
  - Encouragement of joint storage arrangements for oil and gas,
  - Development of innovative mechanisms (including public-private) to develop key infrastructure facing heightened non-commercial risks,
  - Strengthening of the Baku Process.
European Security Strategy
Energy security

- Report drafted under the responsibility of High Representative Solana;
- Approved by the European Council of December 2008;
- Identified Energy Security as one of the key global challenges and key threats; specifically that:
  - energy security involves “the responsibility and solidarity of all Member States”;
  - the need for greater diversification of fuels, sources of supply and transit routes as well as good governance, respect for the rule of law and investment in source countries;
  - the importance of engagement with Central Asia and the Caucasus as well as through the Eastern Partnership;
  - The need to address the issue of transit routes;
  - And the importance of promoting renewable energy, low-carbon technologies and energy efficiency, as well as transparent and well-regulated global markets.
“Baku Initiative” and energy security: Key points

- Energy security at a national level and a regional level is a commonly-shared concern.
- The Commission has proposed a series of internal and external policy measures in the Second Strategic Energy Review.
- The Eastern Partnership proposal suggests a number of bilateral and regional initiatives in the energy sector with the concerned countries.

**Key role of the Baku Initiative on energy security:**
- For discussing common energy security concerns;
- For ensuring that all the countries are aware of the initiatives and legal measures being developed by all partner countries at a national and regional level to enhance energy security;
- Specifically from the EU point of view, sharing information on the initiatives that it is developing internally to strengthen the EU’s energy security as well as on the initiatives that will eventually be developed in the context of the Eastern Partnership.

- Facilitating increased contacts between the energy industry in the EU and the countries of the “Baku” Initiative.
Thank you

Further information on the EU’s energy policies can be found on the following links:

External energy policy:
http://ec.europa.eu/external_relations/energy/index.htm

DG TREN website:
http://ec.europa.eu/dgs/energy_transport/international/index_en.htm