



European Economic and Social Committee

REX/459
External dimension of the
EU's energy policy

Brussels, 28 April 2016

OPINION
of the
European Economic and Social Committee
on the
External dimension of the EU's energy policy

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On 16 December 2015 the Presidency of the Council of the European Union decided to consult the European Economic and Social Committee, under Article 262 of the Treaty on the Functioning of the European Union, on the

External dimension of the EU's energy policy.

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 19 April 2016.

At its 516th plenary session, held on 27-28 April 2016 (meeting of 28 April), the European Economic and Social Committee adopted the following opinion by 143 votes to 0 with 2 abstentions.

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1. **Conclusions and recommendations: Towards a consolidated and resilient external energy policy in the EU**
- 1.1 Energy is an inseparable part of international politics, and is currently at the top of the EU agenda. As some international players attempt to use energy as a tool for achieving political aims, it is in the interest of the EU's citizens that the EU remains vigilant with regard to energy questions.
 - 1.1.1 Three factors are paramount for the external dimension of energy: diversification, "speaking with one voice" and a properly developed internal energy system.
- 1.2 Diversification of the EU's energy sources, suppliers and routes is essential for external energy policy. As underlined in the EU's Energy Union Strategy, a key challenge for the EU is that more than half of the energy consumed comes from imports, which must be secured through the certain trade policies.
 - 1.2.1 The circle of energy import partners must be expanded by constantly looking for and establishing dialogues with new, reliable and predictable energy suppliers.
 - 1.2.2 New major infrastructure projects, contributing to the diversification goals, should meet the objectives of the Energy Union Strategy and be in full conformity with the EU *acquis*. They should also be fully consistent with the objective of developing a decentralised energy system where renewable energy sources play a crucial role.

- 1.2.3 Cooperation between representatives of private and political sectors should be encouraged in order to find the most suitable ways and partners for external energy development. The goals of energy security and sustainability should always be taken into account.
- 1.3 "Speaking with one voice" must be pursued in spite of different energy mixes, energy import structures and traditional partners among the Member States. A common internal EU position is key to a strong external dimension.
 - 1.3.1 The EESC urges the Member States to coordinate their individual energy interests and constantly maintain solidarity and transparency towards one another.
 - 1.3.2 The EESC welcomes the proposal of the Commission of 16 February 2016 reinforcing the current information exchange mechanism with regard to inter-governmental agreements and non-binding instruments.
 - 1.3.3 Common environmental and nuclear safety standards in the energy projects being implemented in the EU's neighbouring countries should be an important point of the EU's external energy policy. Energy purchases from countries that fail to comply with these standards should be limited.
- 1.4 A strong internal energy system is the cornerstone for reducing external impact: one of the core dimensions of the Energy Union is the creation of a fully functional and transparent internal EU energy market. It would translate directly into a more effective EU approach to external energy issues.
 - 1.4.1 All the necessary parts of energy infrastructure must be established, making it possible to optimise and streamline the import of energy resources into the EU.
 - 1.4.2 The EESC underlines the need to fully integrate the energy networks and systems of all Member States into the EU's internal market and ensure that they are fully synchronised.
 - 1.4.3 The competitiveness of the EU's energy producers must be preserved by establishing a level playing field between European and non-European energy producers.
 - 1.4.4 The EESC calls for the design and implementation of the EU's external energy policy to take account of the need of EU industries, particularly energy-intensive industries, to have at their disposal a competitive, stable and predictable energy supply, in order to be able to operate on a level playing field with its international competitors.
- 1.5 A forward-looking energy policy, which would help achieve the EU's external goals, including in the context of the COP21 agreement, should primarily rely on systematic attention to the EU's climate policy goals and international efforts to mitigate climate change,

mainly by developing three key factors: renewable energy sources, energy efficiency and research and development.

- 1.5.1 Renewable sources are the essential element in increasing energy security and reducing import dependence.
- 1.5.2 The EU should do its utmost to maintain the leading position in the field.
- 1.5.3 Energy efficiency is one of the cornerstones for lowering the volume of the EU's energy consumption and consequently reducing the amount of imported energy. It is therefore essential to reduce the energy expenditure of private and commercial consumers.
- 1.6 Research and development must receive adequate resources, which would lead to increased effectiveness and decreased costs of energy production. International cooperation is clearly also important in this context.
- 1.7 As energy should be affordable for consumers and supportive of the competitiveness of industry, the EESC calls on the Commission and national governments to give a broad role to civil society, the social partners and consumer organisations. For this reason the EESC asks for a European Energy Dialogue and a European Energy Forum including all stakeholders. This is crucial for the establishment of an intelligent, efficient and sustainable EU external energy policy.
- 1.7.1 The EESC must rally its international bodies to play an active role in the creation of an effective and resilient EU external energy policy.

2. **Background**

- 2.1 Energy issues only recently became significant in the EU's policy debates and have risen to the top of the European Commission's agenda. The EESC is also active in the field of the external dimension of energy and has already issued a number of opinions on this topic¹.

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1) "Civil society contribution to the review of the EU-Central Asia Strategy", EESC opinion, rapporteur: Jonathan Peel, co-rapporteur: Dumitru Fornea - [OJ C 242, 23.7.2015, p.1-8](#)

2) "The Energy Union strategic framework", EESC opinion, rapporteur: Ulla Sirkeinen, 2015 [OJ C 383, 17.11.2015](#)

3) "Energy – a factor for development and a deeper accession process in the Western Balkans", EESC opinion, rapporteur: Pierre-Jean Coulon, 2015 - [O.J. C 32, 28.01.2016, p. 8](#)

4) "Securing essential imports for the EU - through current EU trade and related policies", EESC opinion, rapporteur: Jonathan Peel, 2013 [OJ C 67, 6.3.2014, p. 47-52](#)

5) "Intergovernmental agreements between Member States and third countries in the field of energy", EESC opinion, rapporteur: Jonathan Peel, 2012 [OJ C 68, 6.3.2012, p. 65-69](#)

6) "Involving civil society in the establishment of a future European Energy Community", EESC opinion, rapporteur: Pierre-Jean Coulon, 2012 [OJ C 68, 6.3.2012, p. 15-20](#)

7) "Proposal for a Decision of the European Parliament and of the Council setting up an information exchange mechanism with regard to intergovernmental agreements between Member States and third countries in the field of energy COM(2011) 540 final - 2011/0238 (COD)", EESC opinion, rapporteur: Jonathan Peel, 2012 [OJ C 68, 6.3.2012, p. 65-69](#)

- 2.2 Given the growing dependency of the EU on energy imports, particularly of oil and gas, the external dimension of EU energy policy is becoming crucial to underpinning the security of energy supplies.
- 2.2.1 More than half (53.2%) of the EU's gross inland energy consumption comes from imports. The EU imports 44.2% of solid fuels (of which more than half is hard coal), 87.4% of petroleum and petroleum products and 65.3% of natural gas (Eurostat data, 2013).
- 2.2.2 These numbers clearly underline the extent of the EU's dependency on trade with third country suppliers. Therefore, should the supplier prove to be unreliable or unpredictable or should the infrastructure not be properly maintained, the energy security of the whole EU could be seriously damaged.
3. **Significance of diversification in external energy relations**
- 3.1 The EU should look for new opportunities for cooperation and strengthen existing energy partnerships with third countries in terms of the diversification of sources, suppliers and routes.
- 3.2 It is most likely that Russia will remain the main energy import partner of the EU for the foreseeable future. It is especially relevant in terms of pipeline gas.
- 3.2.1 A key priority of Russia is to at least maintain its favourable position on the EU energy market, which is both its largest energy export destination and a very reliable customer.
- 3.2.2 The Nord Stream II pipeline project is currently a key item on Russia's energy agenda, directed towards increasing natural gas exports to the EU. Concerns have been expressed within the EU, as to whether this project could contradict the EU's Energy Union strategy on gas supply diversification. The EESC sees the most important role of the Commission as being a thorough evaluation of the Nord Stream II project and its compliance with the EU *acquis*, including the Third Energy Package, as well as the objectives of the Energy Union Strategy, notably the diversification of energy sources, suppliers and routes.
- 3.2.3 The interests of every Member State must be taken into account when establishing a common position of the EU with regard to Nord Stream II. The commercial aspects of the project should not be the sole factor in the decision, especially considering the tendency of Russia to use energy as a tool for geopolitical aims.

8) "The external dimension of the EU's energy policy", EESC opinion, rapporteur: Ulla Sirkeinen, [2009 OJ C 182, 4.8.2009, p. 8-12](#)

- 3.3 Norway is a valuable partner of the EU on the international stage with shared policy priorities, including in the energy sector. As a member of the European Economic Area Agreement Norway is a part of the EU's internal market.
- 3.3.1 The significance of the Northern dimension is likely to increase, as is cooperation in the northern areas with regard to oil and gas fields in the Arctic Ocean. However, particular emphasis should be placed on the sensitive environmental context if and when companies begin to seriously explore the potential resources in this area.
- 3.4 The EU's energy cooperation with its Southern and Eastern Mediterranean Partners has gained a new impetus with the recent establishment of regional platforms encompassing gas, electricity, renewables and energy efficiency. These platforms are envisaged to be instrumental for facilitating and enhancing energy cooperation.
- 3.5 Considering Central Asia as a region of strategic importance and rich with energy resources the European Union has committed to establish a durable and stable relationship with it. As noted in the Foreign Affairs Council conclusions on the EU strategy for Central Asia adopted on 22 June 2015, the EU calls for strengthening energy links, which would contribute to mutual energy security.
- 3.6 Connection of the Caspian Sea region with the EU market through the Southern Gas Corridor will open new possibilities for natural gas trade and contribute to the EU's diversification objective. The Trans-Anatolian natural gas pipeline (TANAP) will be a central part of the interconnection along with the Trans-Adriatic (TAP) pipeline.
- 3.7 Energy relations with the US are becoming increasingly important on the EU's agenda, as reflected in the EU-US Energy Council. The US is currently experiencing an era of cheap gas as a result of unconventional gas production. The EU should seize the moment and encourage the development of the transatlantic liquefied natural gas (LNG) trade as this would contribute substantially to the diversification of energy supply.
- 3.7.1 The Transatlantic Trade and Investment Partnership (TTIP) could become a significant tool to promote, among other fields, transatlantic energy security. The EESC urges the parties to direct all efforts towards duly addressing energy issues in the agreement.
- 3.8 The EU's energy security is closely linked to its neighbourhood energy affairs, which means that the EU should continue to work closely with its neighbours and expand the scope of mutually beneficial cooperation.

- 3.8.1 The EESC calls on the Commission to further strengthen the Energy Community, especially in terms of implementation of the EU energy *acquis* with regard to the Contracting Parties.²
- 3.8.2 The key objective of the Energy Community is the expansion of the EU's internal energy market. The EU must continue to strengthen cooperation with neighbouring countries and their civil societies with the aim of establishing a genuine pan-European energy market. The EESC welcomes the Commission's proposal for the security of supply regulation directly involving the Energy Community countries.
- 3.9 Following the lifting of the international sanctions on Iran, the EU must seize the moment and re-establish energy relations given the potential role that Iran can play in diversifying the EU's sources of energy supplies.
- 3.10 The EU should also accelerate and strengthen efforts to reinforce solid partnerships with such diverse, yet significant third countries as Canada, Turkey and Algeria. The EESC welcomes the engagement of high-level energy dialogues with these countries in 2015.
- 3.11 The energy dimension should be duly reflected in trade agreements with third countries. In addition, energy agreements with third country suppliers must fully comply with the EU legal provisions and energy security principles.
4. **The importance of "speaking with one voice" and a unified approach to energy issues**
- 4.1 On 20 July 2015, the Foreign Affairs Council approved an Energy Diplomacy Action Plan (EDAP) to support the external dimension of the Energy Union Strategy. The plan is aimed at strengthening common messages to enable the EU to "speak with one voice" on major energy issues and to meet the energy objectives in a spirit of solidarity and common interest, instead of re-nationalising energy policies.
- 4.1.1 The key dimensions of the EDAP include diplomatic support for the diversification of energy sources, suppliers and routes, increasing cooperation with transit countries (especially Ukraine) and key third country energy partners, further strengthening the Energy Community and maintaining the strategic engagement of the EU in the energy-related multilateral initiatives.
- 4.2 An information exchange mechanism for Intergovernmental Agreements (IGAs) was established by a decision adopted by the Parliament and the Council on 25 October 2012, to ensure that the agreement is legally clear and transparent and complies with EU law. In February 2016, the Commission came forward with a proposal strengthening the existing mechanism.

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Contracting parties - Albania, Bosnia and Herzegovina, Kosovo, Former Yugoslav Republic of Macedonia, Moldova, Montenegro, Serbia and Ukraine.

- 4.2.1 The EESC welcomes the attempts to bring legal compliance and transparency to the EU's agreements with third parties³, and would therefore support the strengthening of the current information-sharing mechanism.
- 4.3 The EU should remain committed to the promotion and continuous improvement of environmental and nuclear safety standards in third countries.
- 4.3.1 Particular attention must be paid to the nuclear power plants being constructed by third countries near the borders of the EU (i.e. Astraviec nuclear power plant in Belarus, which was found to be non-compliant with the provisions of the Espoo Convention). The EU should underline to third parties the importance of ensuring the all-round safety of such projects in line with the IAEA Nuclear Safety Convention and other relevant international agreements. The Commission should increase its efforts to ensure that countries which have agreed to the nuclear stress tests according to the EU rules, fulfil this commitment as soon as possible. Further, unsafe plants should get their energy access to the EU restricted.
5. **Impact of a strong internal energy system**
- 5.1 A strong internal energy system translates directly into a resilient external position. Therefore, the EU should aim to streamline its internal approach to energy issues.
- 5.2 The Energy Union Strategy is a priority initiative which aims to consolidate a common EU response to energy challenges. As energy security underpins the EU's economic and social prosperity, it becomes a collective responsibility of the Member States, energy producers, consumers, transit countries and the international community, all of whom are involved in today's globalised energy markets.
- 5.2.1 A key pillar of the Energy Union is the improvement of interconnections between the Member States and the full implementation of the internal energy market *acquis*. The full integration of the EU internal market will increase competition among energy providers, which in turn would result in better prices for the end consumers.
- 5.2.2 As LNG becomes ever more widely available at global level, it presents the EU with new opportunities for gas supply diversification. Therefore, internal LNG infrastructure should be strengthened and developed. Within this context, the EESC welcomes the LNG and gas storage strategy adopted by the Commission in February 2016.
- 5.2.3 Complete integration of the EU means the elimination of "energy islands". The EESC underlines the need to fully integrate the energy networks and systems of all Member States into the EU's internal market both by developing physical infrastructure to connect the grids

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Peel, 2012 [OJ C 68, 6.3.2012, p. 65–69](#)

and finally solving the synchronisation issue of the three Baltic States⁴, as the operation of their electricity system is currently dependent on a third country operator (Russia).

- 5.2.4 The competitiveness of the EU's energy producers must be preserved. A level playing field between European and non-European energy producers must be established, in order to ensure that the EU's competition rules are followed by all participants in the energy market.

6. A forward-looking energy policy as a significant factor in the external dimension

- 6.1 Renewable energy sources create a direct opportunity for the EU not only to lower its dependence on imported fossil fuels, but also to make its domestic energy production more sustainable. The EESC recognises the development of renewable energy sources as one of the most important actions towards a more secure energy future. However, the EU should not rely on past successes, and should do its utmost to maintain the leading position in the field. In addition, EU officials should encourage third countries to set ambitious goals for renewable energy.

- 6.1.1 The EU is already looking beyond 2020 and has established even more ambitious targets for 2030. A common goal of at least 27% of energy deriving from renewable sources would require Member States to increase cooperation on the regional level, further consolidating the EU's energy sector.

- 6.1.2 Within the context of mitigating climate change, the EESC welcomes the COP21 agreement and the EU's commitment to cut greenhouse gas emissions by at least 40% (from 1990 levels) by 2030 as set in the climate and energy framework. The EU should not only encourage its partners to work actively in the field, but provide practical help if deemed necessary.

- 6.1.3 Decentralised energy production as well as energy cooperatives would contribute to meeting the EU's climate and energy targets. It allows involving the wider society to work towards energy independence and security in their countries as well as in the entire EU. Therefore, the best practices of cost-effective self-generation and consumption should be adopted.

- 6.2 Energy efficiency is also a direct way of tackling the issue of the EU's high level of energy imports. A target of an improvement of at least 27% in energy efficiency (the same as for renewable sources) was set for 2030 across the EU, with the European Commission making serious efforts to implement the "energy efficiency first" principle. In turn, the Energy Union will continue to promote better access to financing instruments for energy efficiency, notably in the transport and buildings sector, and encourage Member States to give energy efficiency primary consideration in their own policies.

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Sirkeinen, 2009. [OJ C 228, 22.9.2009, p. 84–89](#)

- 6.3 Contributing adequate resources to the field of research and development is crucial in order to maintain technological advances in energy production and smart distribution. This is especially relevant in terms of renewable energy, with the aim of making its production cost-friendly and reliable. In addition, development of cutting edge technologies, such as usage of hydrogen, fuel cells and nuclear fusion in energy generation, should be kept up.
- 6.4 The EESC urges the EU to take a leading part in addressing the energy issues of the developing countries in a sustainable manner through policies and initiatives aimed at extending financial, technical and legal assistance. Support of education and training in related fields should be the main tool for the expansion of cooperation with developing countries.
- 7. Civil society as an active player in external energy issues**
- 7.1 As consumers expect energy to be accessible and supportive of the competitiveness of industry, the EESC calls on the Commission and national governments to involve civil society, the social partners and consumer organisations in energy affairs and maintain an open dialogue. It would contribute significantly to a better understanding of the energy issues at hand.
- 7.1.1 Energy poverty is a global issue which cannot be overlooked in terms of either the internal or external energy policies of the EU. A helping hand must be extended to those threatened the most.
- 7.2 Civil societies should show more initiative in energy policy making processes. The EESC welcomes the Joint Declaration on energy signed by the EU-Ukraine Civil Society Platform (CSP) on 11 February 2016, which aims to strengthen the role of civil society and to prepare recommendations on the rule of law for the relevant authorities.
- 7.2.1 Energy issues must become part of the agenda of the EESC's international meetings, as well as an important topic in debate with the civil societies of partner countries.

Brussels, 28 April 2016

The President
of the
European Economic and Social Committee

Georges Dassis
