

**Westminster Energy Forum
Trends in World Energy Resources
16 January 2007**

Securing a sustainable energy supply: what can Germany's presidencies of the EU and the G8 deliver?

Ladies and Gentlemen,

(I. Introduction:)

The dispute between Russia and Belarus over oil prices and transit – which saw Europe held uncomfortably hostage – has once again underlined how much we need a common EU energy policy and a closer dialogue with producers but also transit states and of course other big consumers. This will be a key issue of our dual presidency of the EU and G8.

Before going deeper into this, let me just briefly outline the broader picture of our two presidencies.

(II. Challenges and opportunities of our dual presidency of the EU and G8)

(1. general outline)

Our **dual presidency of the EU and G8** is a great challenge and a great opportunity.

Our **EU Presidency** will include the 50th anniversary of the signing of the Treaties of Rome. This will be an occasion to celebrate.

But it will also be an opportunity to think about Europe's future. We must "rethink" Europe in order to bring it closer to its citizens. Our idea of Europe can no longer be based on the post-war situation. We must reconceive Europe in terms of the challenges of the 21st century. We have to convince our citizens that we can only tackle the big problems facing us – now and in the future – within the EU framework. People rightly expect action at the European level to have clear advantages over action at the national level. We need to make this case.

(G8:) We thus firmly believe that the EU has a key role to play in shaping globalisation and its political, economic, social and environmental implications. The G8 heads of state and government also bear a special responsibility in this.

We want our G8 Presidency to highlight that global development and prosperity depend on a regulatory framework founded on the market economy and economic growth that respects environmental concerns. It was with this in mind that we chose as our G8 motto: “Growth and Responsibility”.

In conclusion: The great political challenge of both our Presidencies is: to see globalisation as an opportunity and actively shape it according to our ideas and values.

There will be four EU summits with G8 Partners, and these will be decisive in advancing common topics at both levels. First will be the EU-US summit in April, followed by the EU-Russian summit in May. Then will come summits with Canada and Japan at Heiligendamm early in June, in the immediate run-up to the G8 summit from 6th to 8th June.

(2. Energy policy:)

Energy policy will play an outstanding role in both our Presidencies. Of special interest to us and our partners in the EU and G8 will be energy efficiency and the promotion of renewable energy. The way we consume energy still offers great scope for savings. The “Energy Efficiency Master Plan” we want to adopt with our G8 Partners is concerned primarily with buildings and vehicles. But we must also not forget the considerable potential for savings in household appliances.

External energy relations are an integral part of our aspirations to guarantee a secure, environmentally sound and competitive energy supply. The German **EU Presidency** will see the commencement of negotiations on a new agreement to follow the existing Partnership and Cooperation Agreement with Russia. We will also work to build a European strategy for Central Asia. Both endeavours include an important energy policy element. Along with other measures, they aim at establishing a cooperative dialogue between key producers, transit and consumer countries.

Within the **G8** framework we are also planning to hold a Foreign Minister Conference on energy supply safety in Berlin. As well as our G8 Partners, we want to invite the states of the

so-called “Outreach 5”. South Africa, China, India, Brazil and Mexico. These are important emerging markets with which we must engage when dealing with global challenges due to their growing weight as producers and consumers.

Forward-looking energy policy must go hand-in-hand with **climate protection**, and this is therefore a further topic of the highest priority on both our Presidency agendas. Recently we saw the publication of the UK Stern Report which helped arouse the attention this problem so urgently needs. The Report made clear: Climate Protection is not an obstacle to growth. On the contrary, without combating climate change we will not have sustainable growth at all. We have to move forward towards a “post-2012” climate protection regime, and we must encourage greater commitment to climate protection from some of our **G8 Partners**. Within the **EU framework**, our aim is to achieve agreement on a reduction in greenhouse gas emissions of 30 % from 1990 levels by the year 2020.

(III. Proposed energy and climate package presented by EU-COM on 10 January)

Last week the European Commission presented proposals for a comprehensive package of measures to establish a new **Energy Policy for Europe** to combat climate change and boost the EU's energy security and competitiveness. It seeks to provide solutions to these challenges based on four central pillars:

1. A true Internal Energy Market

The aim is to provide EU energy users – whether citizens or businesses – with real choice, and to trigger the huge investments needed in energy. In the view of the Commission the internal market is not just good for competitiveness, but also sustainability and security.

However, the Commission notes that further action is required to deliver these aims through a clearer separation of energy production from energy distribution. It also calls for stronger independent regulatory control, as well as national measures to deliver on the European Union's target of 10% minimum interconnection levels, by identifying key bottlenecks and appointing coordinators.

2. Accelerating the shift to low carbon energy

The Commission proposes to maintain the EU's position as a world leader in renewable energy, by agreeing on a binding target of 20% of its primary energy consumption to be sourced from renewable energy by 2020. This would require a massive growth in all three renewable energy sectors: electricity, biofuels and heating and cooling. The Commission proposes to supplement the renewables target by a minimum target for biofuels of 10%. In addition the Commission announced a 2007 renewables legislative package that will include specific measures to facilitate the market penetration of both biofuels and heating and cooling.

The Commission stressed the importance of research to reduce the cost of clean energy and to put EU industry at the forefront of the rapidly growing low-carbon technology sector. It will present a strategic European Energy Technology Plan later this year.

On the future role of nuclear energy, the Commission stressed that this is a matter for each member state to decide. However, it recommended that any reduction in nuclear energy within the EU should be offset by the use of other low-carbon energy sources.

The Commission believes that when an international agreement is reached on the post-2012 framework this should lead to a 30% cut in emissions from developed countries by 2020. To underline Europe's commitment to this process, the Commission proposes that the EU should as of now commit itself to cut greenhouse gas emissions by at least 20% by 2020.

3. Energy efficiency

The Commission reiterated the objective of saving 20% of total primary energy consumption by 2020. This would mean that by 2020 the EU would be using approximately 13% less energy than today, saving 100 billion euros and around 780 tonnes of CO₂ each year.

The Commission proposes accelerating the use of fuel-efficient vehicles for transport; tougher standards and better labelling on appliances; improved energy performance in existing buildings and more efficient heat and electricity generation, transmission and distribution. It also proposes a new international agreement on energy efficiency.

4. External Energy policy

The Commission emphasises that achieving these objectives will require a coherent and credible external policy. This will include a dialogue with both developed and developing countries and energy consumers and producers. The EU should increasingly be able to "speak with one voice" with third countries and develop energy partnerships with suppliers based on transparency, predictability and reciprocity. To deal with energy supply crises it should develop effective solidarity mechanisms.

The Commission proposes a whole series of concrete measures to strengthen international agreements. These include the Energy Charter Treaty, the post-Kyoto climate regime, the extension of emissions trading to global partners and the further extension of bilateral agreements with third countries so that energy becomes an integral part of all external EU relations and especially of the European Neighbourhood Policy. As major new initiatives the Commission proposes to develop a comprehensive Africa-Europe partnership and an international agreement on energy efficiency.

(IV. Position of German EU Presidency:)

In our view, the Commission's proposals are a very good basis for preparing a decision on an action plan for energy at the EU summit in March. The Federal Ministers for Economics and the Environment, Michael Glos and Sigmar Gabriel, have underlined the German Government's strong support for the general direction of the Commission proposals and also for individual targets. The EU needs greater independence in its energy supply, and it has to do more to protect our climate. Expanding renewables and enhancing energy efficiency, making the Internal Market for electricity and gas more effective and cooperating more closely with producer, transit and consumer countries are the right answers to these challenges. We have intensive debates in various forums ahead of us and will do our utmost to reach consensus on an ambitious energy action and climate protection plan at the EU summit in March.