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Session 1: Existing energy arrangements and mechanisms, and other initiatives in energy security

Speaking elements

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Energy security.

- Energy security has been a core policy area of the EU from the start. Following the Schuman declaration of 1950, the forerunner of today's EU was European Coal and Steel Community which paved the way for a new kind of peaceful cooperation in Europe.
- The same question faces the world today: is energy security a factor for peace, or does it aggravate conflict? In some parts of the world, access to energy is clearly an issue which exacerbates disputes. In some cases, it may be a direct cause. For today's EU, as in the 1950's, energy security is, and must remain, a motor for peace.
- In recent years, the challenge of energy security has taken on a more global perspective as ensuring the secure and steady flow of energy at competitive prices is a fundamental necessity for continued economic development and to underpin our way of life.
- And ensuring energy security means addressing issues that go beyond just the energy sector itself. Climate change, trade and development, social and environmental issues, as well as political and security concerns are all now a full and integral part of the energy security challenge.
- A clear example is how many governments have reacted to the economic crisis by measures designed to stimulate economic recovery through a further development of the energy sector,

particularly to encourage the development of renewable and clean energies. The EU's Economic Recovery Package is a good example but is by no means the only one.

EU approach to energy security

- For the EU, our energy scenarios point to an increasing dependency on external energy supplies. Today Europe imports 54% of its energy. It imports more than 80% of the oil and almost 60% of the gas it uses. And in a business as usual scenario, the level of imports grows substantially – to over 90% for oil and over 70% for gas by 2020.
- While increased imports should not necessarily be seen as a problem, we have to recognize that this does bring new risks and challenges that need to be fully assessed and, where necessary, mitigated.
- The challenge of energy security should be and is being addressed first of all from an internal perspective:
 - For **Energy and climate change**, a key achievement over the past five years has been the energy and climate change package and the related 20/20/20 objectives and, despite the unsatisfactory outcome of the Copenhagen Summit, our package remains an ambitious and necessary objective.
 - **Renewables** were a key element of this package and the Renewable Energy Directive includes legally binding national targets for renewable energy for each Member State.
 - An **Energy efficiency** Package consisting of 3 legislative texts to step up efforts towards achieving the EU's 20% energy saving objective was put forward in 2008 and work is now currently underway to present a new Energy Efficiency Strategy by early 2011.
 - Further progress towards a fully functioning and integrated **internal EU energy market**, which is key to fostering more

secure and sustainable energy for Europe, has been brought closer with the adoption of the third energy market package last year. The new rules and necessary structural improvements in this package will promote competition, integrate the markets and allow better access to infrastructure.

- The gas crisis in January 2009 between Ukraine and Russia was a painful reminder of the strategic importance of energy security to Europe and underlined the importance of diversifying energy sources, fuels and transportation routes. In addition, it also highlighted the importance of ensuring that the EU and its Member States are fully prepared for disruptions in energy supplies. As a consequence, the Commission proposed and the Council and European Parliament have recently adopted, a **new Regulation to improve the security of gas supplies**. This provides that Member States prepare clear and effective emergency plans involving all stakeholders and fully incorporating the EU dimension of any significant disruption. It also provides for common security of supply standards and transparency for a common approach with EU external energy partners.
- While our legislative framework for achieving energy policy objectives has been substantially strengthened in recent years, shortcomings remain and new challenges have underlined the need for a reinforced energy strategy. The Commission is preparing a new strategy for adoption in November 2010, the key components of which will be:
 - the exploitation of the full potential of energy savings,
 - the promotion of low carbon innovation, a fully functioning internal energy market,
 - secure and sustainable energy networks permitting greater cooperation and solidarity within the EU

- and achieving a more coherent and effective approach to the EU external energy relations.
- The recent commercial disputes between our neighbours which have led to disruptions in energy supplies to the EU have been instrumental in highlighting the real added-value of a coordinated EU approach to external energy security. Many of the existing pipelines as well as the new projects under consideration to bring additional energy resources to the EU involve long distances and cross a number of different countries. This necessitates a political as well as technical approach by the EU, a regional as well as a bilateral approach and a recognition of the mutual benefit such infrastructures can bring to producer, transit and consumer countries.
- Using international legal frameworks and, if necessary, tailoring bilateral agreements will contribute toward developing trust and deeper, legally binding ties to address the concerns on all sides. Our starting point is the promotion of well-functioning, open, transparent and competitive world markets. This is the best guarantee for investments and for secure and affordable energy supplies, and minimizing uncertainties related to political interference.
- Within its Treaty competencies, the European Commission has been active in developing and implementing a number of initiatives based on the following principles:
 - Firstly, promoting our open and competitive energy market model with neighbouring countries which will make their own markets more efficient and more attractive for the heavy investments that the energy sector requires.
 - Secondly, co-operating as far as possible with our neighbours to ensure the reliability of the energy infrastructures that produce and transport energy to the EU market;

- Thirdly, promoting a further diversification of energy sources and the geographical origin of energy imports and transit routes, as well as promoting infrastructure is essential to the EU's energy needs. In this context, the EU has already recognized a number of infrastructure developments as energy security priorities, such as development of a southern gas corridor to bring energy resources from the Caspian and the Middle East to the EU.
 - And finally, supporting rules-based, open and competitive international energy markets and boosting international co-operation in the energy sector, in particular on technologies, energy efficiency and renewable energies. This will help to tackle the challenges of growing energy demand and the threat that this presents in terms of competition for natural resources and for climate change.
- In the OSCE area, this approach has been translated into a number of bilateral initiatives such as the EU-US Energy Council, the EU-Russia Energy Dialogue, the Memoranda of Understanding on energy issues with Ukraine, Azerbaijan, Kazakhstan, Turkmenistan and shortly with Uzbekistan, the declaration on energy co-operation with Belarus and intensified energy co-operation with countries such as Moldova, Armenia, Georgia and Kyrgyzstan. Each of these initiatives is based on a sound appreciation of each others energy priorities and policies and a clear definition of the areas of mutual interest. And in a number of cases, this has involved an agreement on Early Warning Mechanisms and crisis prevention measures.
 - In addition, the Energy Community is a valuable tool which foresees the implementation by the contracting Parties of most of the EU legislation in the energy and environment field. This helps to create a stable regulatory and market framework and the integration of their energy markets with that of the EU. The attractiveness of this can be seen by the interest of more countries to become members.

- And at a regional level, we have comprehensive initiatives and cooperation policies established through the Baku Initiative, the Eastern Partnership, the INOGATE programme, the Central Asia Strategy and the Baltic Energy Market Interconnection Plan (BEMIP).

Possible role of the OSCE.

- Turning now to the question of any potential role for the OSCE in the area of energy security, we have taken note of the background paper that the OSCE Secretariat have prepared and circulated.
- While this wide-ranging paper does raise many of the issues that are generally acknowledge to fall under the heading of energy security, it is less clear on what any eventual role of the OSCE could be.
- The OSCE is primarily a security organisation and this is where its expertise and added value lies. If the OSCE should play any role in the energy security field, it must provide a real added value and not duplicate existing bilateral, regional and multilateral mechanisms and frameworks. Any potential role should be limited to energy problems that directly threaten security or may lead to armed or violent conflicts. Existing remedies or mechanisms should have already been exhausted, unless the parties involved specifically request OSCE involvement.
- Therefore we look forward to discussing this during this expert meeting. The European Commission is willing to assess and evaluate the explanations and technical instruments proposed today to address the OSCE's potential involvement on energy security. And I am ready to provide you with additional detailed information on how the EU will ensure its own energy security.