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**EIN POLICY ROUNDTABLE ON
ENERGY AND ENVIRONMENT POLICY**

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Background

No one can predict the consequences of climate change with complete certainty, as the Stern Review observes, but we now know enough to understand the **risk**. Climate change could challenge the foundations of European peace and

prosperity

both at home and beyond. Europe has taken a strong global lead, but Europeans will not have climate security unless China and India begin to reduce greenhouse gas

emissions

. Europe's economic success rests on four pillars of prosperity - energy, climate, food and water security. Mutually reinforcing, or destabilising, links between these could affect the EU economy and potential to create

wealth

. Technological

innovation

can prevent or reduce the negative environmental effects of products and activities, creating new "

green collar

" jobs. Such eco-innovation is a vital means of ensuring that economic development is sustainable.

Research by the Bruegel think tank shows Europe's export mix to contain a larger proportion of carbon **intensive** products than US and East Asian countries. America's specialisation in services and research intensive goods makes the US export mix nearly 20 per cent less carbon intensive than the EU average. While the UK and Hungary export mainly low-carbon products, other countries like Belgium and the Netherlands make more high-carbon intensive exports - impacting on **competitiveness**. This pitches environmental concerns against economic interests, such as jobs and wages - putting climate change policies at the heart of **trade** negotiations.

Europe needs energising through cleaner, more efficient energy sources. Research and development will be crucial to finding solutions, with possible options including **nuclear** fusion, fuel **cell**

s

and clean coal. The use of emission permits could be widened by using efficient carbon markets with wide sectoral coverage - perhaps by establishing individual 'carbon

credit

cards'. The working group supports pan-European electricity and gas grids, increasing **connectivity**

, choice and competition. But more nuclear power will need greater transparency in the decision-making process, so as to increase confidence.

Responding to the sharp rise in the cost of fuel, the working group shifted emphasis to examining Europe's **energy security**. This became critical following the war in Georgia, leading to increased tensions between the EU and Russia.

a **Russia** is the biggest supplier of oil and gas to the EU, providing 38 per cent of gas imports and 33 per cent of oil imports in 2007. This dependency will grow as the EU's own

production

falls - along with that of its second-biggest supplier, Norway. By 2030, the International Energy Agency predicts a doubling of Europe's gas imports, with much of the extra supply coming from Russia.

At the EIN **summer university** in Warsaw in 2007, the policy roundtable noted that two billion people in developing nations are without access to energy. The world's

population

, set to pass seven billion in 2012 and to rise to over 9.3 billion by 2050, will put ever more

pressure

on energy resources, increasing the use of fossil fuels - particularly coal. Whilst the EU enjoys many technical and economic advantages, the fact remains that Europe has few natural resources of its own. Dependency on

imports

already stands at over fifty per cent of the EU's total consumption - and is likely to top over seventy per cent.

Participants put technology at the heart of any future EU energy strategy - alongside an increased use of **nuclear** and **renewable** power plus sequestration and carbon capture. EU nations need to promote the better use of energy through increased efficiency and

reduced

demand - with a focus on housing and transport sectors. In order to achieve savings and investment, the EU should improve coordination of national policies. Economic incentives like tax credits can be matched by

lifting

regulatory and market barriers. The EU should also consider joining the Asia-Pacific Partnership on Clean Development and Climate.

In February 2008, the EIN and EPP organised a joint **seminar** in Madrid, where participants discussed the Kyoto Protocol and alternative policies. Scientific clarity and fresh policy solutions were assessed. The focus should be on the EU's ability to achieve

results

in areas like energy and the environment, using a properly organised system for trading

CO2 quotas

. Global leadership was felt to be shifting away from Europe to the Pacific basin. In May 2008, the working group organised a further EIN

seminar

in Stresa, in cooperation with the Italian think-tank Respublica, to look at new alternatives to the

Kyoto Protocol

and the need for politicians to understand better the role of science in government decision-making.

Five topics have been put forward for further examination at this year's summer university in Fiuggi:

? Is the EU sufficiently developing environmental innovation strategies to combat climate change?

? How should the EU's budget be reformed so as to meet the challenge of global warming?

? What role should biofuels and nuclear power play in reducing the EU's need for energy imports?

? Can the EU shift its reliance on foreign imports of oil and gas - particularly from Russia?

? Are all EU member states equally committed to creating a Europe-wide free and single energy market?