



**EUROPEAN COUNCIL  
THE PRESIDENT**

**Brussels, 11 May 2011  
PCE 0111/11**

**Speech by  
Herman VAN ROMPUY  
President of the European Council**

**STRATEGIC ENERGY FORUM  
"Challenges and Priorities for EU Energy Policy"**

Energy is a source of wealth and is a precondition for life. It is a source of power. Ownership of energy is in some ways ownership of the economy. It is a source of cooperation and integration. From the very beginning of the European project, energy has been a driver for prosperity and integration. The European Community for Coal and Steel created in 1952 was a common market for the coal industries of six European countries. At that time coal power was predicted to have a great future. In 1957, the same countries decided to pool nuclear industry actions and established the European Atomic Energy Community.

Today, 60 years later, the picture is different. Coal and nuclear energy are today probably the most controversial energy sources in the world. The growing global competition for resources and raw materials creates international tensions. The rising energy cost gives rise to a new category of poor people.

This example sets the tone of the energy debate today: energy touches everybody's life. Our first concern is the security of supply. Energy is scarce, but the use keeps rising. The World Energy Outlook 2010 of the International Energy Agency shows a global rise of 30% of energy demand by 2035, 93% of this growth will be from non-OECD countries, 36% will come from one country, China. The second concern: prices of oil and gas have been rising over the last number of years mainly as a consequence of scarcity. They have also become very volatile, with extreme hikes in 2008 and again at the start of this year. IEA projections show that prices will continue to rise and that short term volatility will remain. Yet, higher prices also lead to less use of energy. Since the first oil price shocks in 1973, energy intensity (the use of energy per unit GDP produced) has fallen with 40% to 50% in industrialized countries. Thirdly, the environmental challenge. The biggest merit of the Copenhagen Climate Conference at the end of 2009 was certainly that it opened the world's eyes: we have to act collectively to tackle climate change. Since that Conference, the political narrative is clearly converging. But current pledges are not sufficient to meet the agreed 2 degrees target.

**P R E S S**

---

**FOR FURTHER DETAILS:**

Dirk De Backer - Spokesperson of the President - ■ +32 (0)2 281 9768 - +32 (0)497 59 99 19  
Jesús Carmona - Deputy Spokesperson of the President ■ +32 (0)2 281 9548 / 6319 - +32 (0)475 65 32 15  
e-mail: [press.president@consilium.europa.eu](mailto:press.president@consilium.europa.eu) - internet: <http://www.consilium.europa.eu/>

Energy is again at the top of political agendas worldwide. Two additional parameters have sharpened the attention of public authorities:

(1) The economic crisis has raised the awareness that investing in energy policies is a way to get out of the economic crisis. Energy is a major economic tool. Investing in energy and energy technologies is investing in new growth. Energy is a source of growth and investing in energy enhances growth !

(2) Political events of the last years have sharpened awareness that energy supplies are also dependent on political relations between and within countries. The gas conflict over the last few years between Russia and transit countries affected EU imports. The recent conflicts in North Africa impacted global energy supplies and prices. As we have seen with the incidents in Japan, natural disasters also have impacts on energy supplies. More than ever before, people read newspaper headlines also in terms of what it means for their daily lives: heating their homes, using their cars.

Politics cannot meet these challenges alone. We need the driving forces of industry. And we need your creativity: engineers, developers, researchers. Your ideas and your brains will shape our energy future to a large extent ! Already today, the fruit of your work is impressive in the field of energy, almost revolutionary: we drive electric cars, we put photovoltaics on our roofs, we use the most innovative heating systems. I read in a paper written by Professor D' Haeseleer: "No energy policy without engineers". Well, I think he is right! In the EU, we truly believe that energy and innovation are two sides of one coin. We even treated both topics at the same European Council !

The challenges for Europe are enormous. We are the largest energy importer of the world. We currently import over 50% of our energy and this energy dependency is expected to rise to over 70% by 2030. We have been liberalising our energy markets to reach optimal prices for consumers and industry. Nevertheless, in parallel we have been facing an ongoing rise of international price levels. We have developed ambitious climate policies, but we need to invest further in low-carbon growth.

Yet, we also have the strengths. We are the largest energy market with 500 million consumers. We have large potential for renewable energy sources and green growth. Our geographic location close to major markets is important. We have good strategic relations with important energy players.

Cooperation in Europe is the way to transform our weaknesses in strengths and our strengths in real assets. We need real energy cooperation at EU level ! This is why in February, I convened a European Council on Energy. It was the first time that a European Council was devoted especially to setting strategic priorities in the field of energy.

What are the priorities that we have set ?

First, we have to finalize the internal energy market by 2014. The so-called third package offers all the policy tools necessary to create this real European market. We also have to invest more in energy and gas infrastructure. Leaders identified the priorities: interconnections for gas and electricity, adapting the grids, on shore and off shore.

A second priority is low-carbon growth. In the EU, we have developed the world's most ambitious climate policies for 2020 whilst in the midst of an economic crisis! It shows that we believe in a new growth model: green growth, sustainable growth. Our potential is huge, but competition as well. The recently adopted Chinese 5-year plan announced massive investments in environmental protection and green growth. We cannot miss that boat! Green growth is a cornerstone of the EU 2020 Strategy. The European Council of next month will assess whether the national reform programs of the member states make the right choices here.

Where are we today with low-carbon growth and what will we do more?

(1) Our binding target of 20% renewable energy by 2020 is currently well on track but further investment will be key. In 2009, over 60 % of newly installed capacity was from renewable sources, mainly from wind and solar energy. At the February Energy Council, leaders decided to further promote investment in renewable energy and low-carbon technologies. Green vehicles, smart grids, smart meters and Carbon Capture and Storage are the priorities. Further investing in renewable energy is investing in the environment, but also in growth and jobs. At this moment the turnover in the European markets for environmental and low-carbon products and technologies amounts already to 300 billion Euro and they deliver employment for 3, 5 million people.

(2) Our binding target of a reduction of emissions of 20% by 2020 is also on track, with a figure of -17% already today. Leaders decided that 2020 is only one intermediary step towards a real low-carbon society by 2050. More efforts will be needed to realise the objective of at least 80% of emission reductions by 2050 compared to 1990. The 2050 low-carbon roadmap presented by Commissioner Hedegaard is currently being discussed everywhere in Europe and outside Europe. I am glad that today's Strategic Energy Forum is entirely devoted to this challenge.

(3) Our non-binding objective of 20% more energy efficiency by 2020 is currently not on track. Therefore leaders decided that more efforts have to be done in transport, buildings and production processes. Leaders also decided to set the right example: public procurement for public buildings and services will contain energy efficiency standards from 2012. The energy efficiency plan presented by Commissioner Oettinger gives a good overview of challenges and opportunities.

These challenges will need major investments. Estimations of the Commission show that 1 trillion Euro will be needed the coming decade for investment in production and transport infrastructure. We expect the private sector to take the lead. But public authorities have to stimulate investments through intelligent budgetary choices.

1) First, through the Member State budgets. There is a risk that current pressure on national budgets will lead to cuts in growth creating policies. This would be dramatic! Investments in energy security and innovative technologies are drivers for economic growth. This is why European leaders agreed that in conducting fiscal consolidation, expenditure fostering sustainable growth in areas such as energy and innovation deserve priority. I am glad to see that some Member States have already chosen for a maintenance or even higher public investment in these areas.

2) Of course the same logic applies for the European budget. In our crisis policies, we have invested considerably in energy projects: the EU Energy Program for Recovery gave an injection of 4 billion Euro to investments in interconnections, off-shore wind projects and Carbon Capture and Storage projects. The leverage effect is spectacular. For the 2, 3 billion Euro invested in interconnections for example, the European Commission has calculated that this will leverage investments- national and private- worth some 22 billion Euro for the coming 3-5 years. A multiplication by 10 ! With regard to future finance, we invited the European Commission to report by June to the Council on investment needs and suggestions to cover them.

Gas and coal currently take an important share in our energy mix. They can only continue to play a role if we are able to be innovative. For both, we need to find solutions for its environmental effects. The 12 pilot projects that were launched in Europe on Carbon Capture and Storage technologies will bring us important information.

With regard to gas, we need to valorise good relations that we have with important suppliers such as Norway. And at the same time we need to diversify import routes and sources to secure a stable supply.

An open question in the EU today is about the perspectives of unconventional gas. We know that for the US, shale gas has rapidly created enormous market opportunities. Recent reports show that the potential in Europe is promising. At the other hand, we cannot neglect the environmental effects. It is clearly not a black-white debate. We will need to address this question very carefully.

Energy is a global challenge. A strong internal market is one thing. We also have to use energy as a real strategic tool in our external relations. This covers 2 elements. First, when we talk to our strategic partners or neighbouring countries, energy should be a topic of discussion. In my meetings with strategic partners, I will continue to raise the topic at regular basis. We have also invited the High Representative for Foreign Affairs to take the energy security dimension fully into account in her work. Second, we also need to bring a coherent message. We cannot bring 5 different messages to Moscow or Kiev . The European Commission will submit suggestions here later this year.

The recent events in Japan have again highlighted the importance of nuclear safety worldwide. In the EU, we have reacted quickly and unitedly to these events. We have discussed nuclear safety extensively at the European Council of March. It was not a debate about the choice for nuclear energy in itself, we respect Member State's autonomy here. We drew the lessons from the events. We have underlined that only the highest safety standards are acceptable within EU and that we expect our neighbouring countries to have a similar approach. Nuclear safety does not stop at our borders! We have decided to develop safety and risk assessments for all nuclear plants in the EU. In December, the European Council will assess initial findings on the basis of the report of the European Commission. Nuclear Safety will remain to be a subject for the European Council.

The events in Japan have also shown again how interdependent we all are: energy has become a real global challenge. Tackling the challenge offers major economic and strategic opportunities. In Europe we will develop our energy policy to be a dynamic strategic tool. We have already gone a long way. Since the gas crises from 2006 and 2008, the EU policy has become more flesh and bone. And in 2009, we adopted the world's most ambitious climate policies. Today, we have to use the impulses given by the European Council to mark another step in that history.

Of course, we will only succeed if innovative people like you to find smart solutions. No energy policy without engineers - without engineers no energy !

---