



**COUNCIL OF
THE EUROPEAN UNION**



Council conclusions on strengthening the external dimension of the EU energy policy

*3127th TRANSPORT, TELECOMMUNICATIONS and ENERGY Council meeting
(Energy items)*

Brussels, 24 November 2011

The Council adopted the following conclusions:

"The Council,

RECALLING the Conclusions of the European Council and of the Council of the European Union of February 2011 which stressed the need for increased efforts in order to ensure a strong and coherent EU position in international energy relations,

WELCOMING the Commission Communication on security of supply and international cooperation as well as the submission by the Commission of a proposal concerning information exchange regarding intergovernmental energy agreements as a means to enhance the transparency of cooperation between Member States as well as between Member States and the Commission,

EMPHASISES that meeting the current common energy challenges requires prompt actions from the European Union, in particular strengthening the external dimension of energy policy,

ACKNOWLEDGES that the EU external energy policy should be based on and put into practice the principles of solidarity, transparency, subsidiarity and cooperation as well as on reciprocity, a rule-based market approach, and coordination between the EU and the Member States.

P R E S S

STRESSES that

- the EU external energy policy should contribute to ensuring a safe, secure, sustainable and affordable energy, consistent with the overall objectives of EU energy policy of competitiveness, security of supply and sustainability as well as with the EU 2050 energy and low carbon¹ policy perspective;
- a fully functioning, interconnected and integrated internal energy market is an essential element for a successful external energy policy;
- Regulatory cooperation and convergence with our neighbours² has a key role to play in order to build a wide energy market while ensuring a level playing field. Such regulatory cooperation should take into account the diversity of EU's neighbours and their own energy policy objectives;
- these conclusions do not prejudge the negotiations of the next Multiannual Financial Framework;
- the implementation of the external dimension of the EU energy policy, including the initiatives set out in these conclusions and the negotiations and conclusions of international agreements, is subject to the need to respect the respective competences of the EU and Member States as laid down in the Treaties. The adoption of the present conclusions does not affect the distribution of competences or the allocation of powers between the EU and its Member States or between the institutions under the Treaties. Moreover, it affects the decision-making procedures neither for the adoption of EU positions by the Council nor for the conclusions of agreements by the EU, as provided in the Treaties.

UNDERLINES the necessity to work together with strategic partners with a view to reducing global greenhouse gas emissions

And SETS the following priorities aiming at strengthening the EU external energy policy:

1. Strengthening the coordination of the external dimension of the EU energy policy

1. Regular discussions during formal and informal meetings of Energy Ministers should be conducted on the challenges faced by the EU external energy policy.
2. The activities of the TTE Council should be supported, notably by the Commission, through fully exploiting the potential of the meetings of Directors General for Energy for discussion on strategic directions and aspects of the EU external energy policy as well as related policy areas.

¹ Reference to "low carbon" throughout these conclusions should be understood as not excluding energy technologies that while using carbon-based fuel have low carbon emissions.

² *Explanatory footnote: it is recalled that neighbours, as e.g. under the ENP, are not limited to Europe.*

3. Ensuring a timely involvement of other Council formations as well as of the High Representative and EEAS, in line with their respective responsibilities, can improve the coherence of the EU external energy policy as well as its coherence with other related policy areas.
4. Beyond issues requiring formal Union positions and on a case by case basis , the EU and its Member States should seek to develop consistent and coordinated messages:
 - for high level meetings within the framework of international organisations, such as the IEA, IAEA, IRENA, the ECT and the Energy Community, and fora, such as the G8, G20, IEF, IPEEC, UN energy-related bodies, taking due account of the characteristics of these organisations and fora and, where applicable, in accordance with the General Arrangements set out in doc. 15855/11;
 - as well as for the EU energy dialogues with third countries, also with a view to ensuring complementarity with Member States bilateral dialogues with third countries.
5. The strength resulting from the integration of the internal energy market should be fully used, together with the means and capabilities of Member States, in support of the external energy policy of the EU and of its Member States. This could be further supported through increased transparency on intergovernmental agreements in the field of energy established by Member States with third countries as well as through the provision, on request of interested Member States, of Commission's support to Member States in their negotiations of agreements which could affect the functioning of the EU internal energy market.
6. The Commission should develop, with due consideration to the protection of sensitive data and to the need to provide added-value to its potential users, an electronic tool with a view to storing and making available to Member States as well as to the Commission data and information on collective actions, programmes and projects undertaken by the EU, its financial institutions or by Member States in cooperation with third countries.

2. Strengthening the EU cooperation with third countries - Building on the internal energy market

1. Multilateral instruments:

The Council welcomes the progress concerning the integration of the Energy Community with the EU, in particular the accession of the Republic of Moldova and of Ukraine, as well as Armenia's observer status in the Energy Community. This extension of the application of the EU regulatory framework should be pursued through:

- a) enhancing and extending the Energy Community, notably by:
 - i) encouraging full and timely implementation and enforcement of the acquis, as well as the removal of technical barriers, aiming at the creation of an Energy Community-wide energy market;
 - ii) extending the Energy Community Treaty beyond the year 2016;

- iii) undertaking actions with the view of enlarging the Energy Community Treaty to neighbouring countries provided that they demonstrate both willingness and ability to implement and enforce relevant EU legislation;
 - iv) continuing cooperation with Turkey, aiming at integration of the country into the Energy Community;
 - v) continuing the analysis of the functioning of the Energy Community Treaty as well as establishing an operational roadmap allowing the accelerated modernisation of energy sectors in Energy Community contracting parties, further enhancement of the Energy Community integration with the EU as well as adapting the decision-making and organisational structures of the Energy Community to future challenges.
- b) giving a new impulse for the reinforcement of the Energy Charter Treaty, in close cooperation with other ECT Members notably by :
- i) providing support to the Energy Charter Treaty Conference in order to better use the Energy Charter`s potential in the core areas of trade, transit, investment and dispute resolution while also paying due attention to energy efficiency;
 - ii) promoting the benefit of joining the ECT as full member, in EU energy dialogues with those third countries that have not yet signed or ratified the Treaty and whose accession to the ECT would have added-value for the Energy Charter process, in particular key energy players, so that the Treaty might become a global instrument, recognised as the basis for international energy regulation in its main fields of competence;
 - iii) optimising the use of its resources through the careful prioritisation of its activities and the streamlining of its budget, procedures and organisation.

2. **Infrastructures:**

In order to build an external dimension of the internal energy market that would ensure energy security as well as diversification of suppliers, routes and sources of energy to the EU:

- a) While the primary role of the market and its operators in the development and financing of infrastructure should be maintained supporting the EU external energy policy priorities through EU financial instruments may only be envisaged, without prejudice to the outcomes of discussions on the infrastructure package, in limited and well defined circumstances, for projects that are unable to attract enough market-based finance and will be selected case by case and on the basis of transparent criteria.
- b) Actions for the diversification of suppliers, routes and sources of energy supply to the EU should be accelerated, notably through:
 - i) deciding, on a case by case basis, whether to conduct negotiations concerning energy agreements with third countries at EU level, taking due account if relevant of the experience gained during past and ongoing negotiations;

- ii) without prejudice to ongoing projects, such as the modernisation of the Ukrainian energy sector, and to future discussions on the infrastructure package¹, implementing oil, gas and electricity projects which contribute to the three pillars of the EU energy policy. Examples of priority areas for energy projects are the Southern corridor, the Eastern Corridor, and the Mediterranean Basin.

3. **Priorities for market integration:**

Efforts should be intensified with a view to: enhancing energy security; advocating energy policies that guarantee a level playing field, reciprocity, a high level of transparency of energy markets operation, investment stability as well as advocating the sustainable development of energy sectors, including using renewable energy resources and increasing energy efficiency; promoting safe and sustainable low-emission technologies that allow reduction of greenhouse gas emissions, notably through:

- a) encouraging third countries to apply the above- elements in their energy policies;
- b) promoting among North African, Middle East, Caspian, Eastern Partnership and Black Sea countries forms of cooperation with the EU, which allow for the enhancement of energy production and transmission, including transit, capacities in these countries, taking into account existing regional frameworks;
- c) proposing to Mediterranean countries a partnership, initially focused on electricity and renewable energy, under the Union for the Mediterranean and building on the Mediterranean Solar Plan;
- d) prompt and full integration of energy markets as well as close coordination of energy policies of the EU and the countries of the European Economic Area, and the finalisation of negotiations concerning full integration of electricity markets with Switzerland;
- e) further developing transparent legally-based rules of cooperation with Russia in view of future energy market integration, notably by:
 - addressing, in the framework of a strong energy chapter in a new PCA with full consistency with the internal energy market legislation, the following issues: access to energy resources and infrastructure, investment protection, supply crisis prevention and management, security and reliability of energy systems, level playing field, reciprocity and non-discriminatory pricing of energy resources.

¹ where 12 energy infrastructure priority corridors and areas are listed.

4. **Global safety and security:**

Deepening the cooperation with third countries and international organisations in order to enhance the security of the operation of the global energy supply chain, through, among others:

- a) accelerating the implementation and extension of early warning mechanisms (EWM) in relations with major EU supplier countries and energy transit countries;
- b) actions aiming at ensuring the uninterrupted supply of energy, be it land- or sea-borne;
- c) promoting radiological protection, safeguards and the highest nuclear safety standards, notably through:
 - extending nuclear safety assessments to neighbouring countries as well as promoting the EU requirements in neighbouring countries;
 - reviewing EURATOM agreements , on a country by country basis, to ensure maximum benefits are gained and best practice is shared on issues of radioactive waste management, safety standards, and nuclear research, making efficient use of existing instruments for technical cooperation;
 - in multilateral fora, including the IAEA
 - promoting transparency on safety issues and promoting periodic international peer reviews of national regulatory frameworks;
- d) promoting the global safety of offshore oil and gas operations, building on best EU standards and practices and developing and facilitating a dialogue with countries concerned with offshore oil and gas safety, in particular those close to EU borders, among others through establishment of regional platforms for cooperation between concerned countries;
- e) promoting the safety of maritime transport of crude and oil products notably by informing on the relevant EU legislation.

3. **Deepening energy partnerships**

In order to support a secure, sustainable and competitive operation of the EU energy sector,

1. a set of cooperation formats, including energy partnerships, setting the basic principles of bilateral relations with third countries should be established, as specified in Annex, to be implemented in a flexible way and to be reviewed by the end of 2013. Duplication of existing arrangements for cooperation should be avoided. Energy partnerships on an EU level should be consistent with the overall political approach for the third country or region concerned.

2. Partnership with individual global players should be enhanced, mainly by:
 - a) promoting mutually beneficial cooperation with suppliers of energy to the global market, sustainable development and management of the energy sector, market transparency, the need for increasing openness and investment stability as well as introducing energy technologies and innovations contributing to the transition to low-emission energy systems;
 - b) stimulating partnerships with industrialised and emerging economies that facilitate among others the acceleration of the implementation of sustainable development and climate protection policies by these countries (e.g. by means of developing common long-term roadmaps specifying objectives and specific actions as a part of bilateral cooperation) and could be beneficial to the EU industry;
 - c) advocating cooperation for the development of future-oriented energy technologies, building on the work carried out under the SET-Plan, among others by means of:
 - i) advocating and supporting common research& development projects,
 - ii) enhancing and developing a framework allowing cross-border exchanges of knowledge and scientific cooperation,
 - iii) advocating a free flow of intellectual capital, while respecting intellectual property rights;
 - d) recognising Russia as an important strategic partner submitting a draft EU-Russia Roadmap for Energy which will identify potentials concerning long-term cooperation and will make the implementation of the Partnership for Modernisation between the EU and Russia more efficient, in particular with reference to specific joint projects in the area of environment-friendly technologies, research and innovations;
 - e) inviting the US, Japan and other industrialised partners to pool efforts with the EU in order to accelerate the development of safe and sustainable low-carbon technologies and energy efficiency;
 - f) proposing a joint approach for the EU and its Member States towards China, India, Brazil and the Republic of South Africa aimed at promoting a safe, sustainable and climate-friendly energy policy;
 - g) developing a trilateral initiative together with the USA and Japan concerning research with regard to critical materials for energy application, in particular concerning the substitution of rare earths;
 - h) developing initiatives for the application of the reciprocity principle with regard to energy-related science and technology cooperation.
3. These partnerships should seek complementarity and linkages with Member States' own cooperation with third countries and should wherever possible be mutually reinforcing.

4. Supporting developing economies

With a view to facilitating the establishment of a sustainable, climate friendly energy policy in developing countries,

1. efforts for achieving EU – Africa 2020- energy targets should be scaled up.
2. developing economies, in particular in Africa, should be encouraged to introduce legal and regulatory reforms with a view to creating market-based conditions, including enforcing cost-reflective tariffs with appropriate social protection schemes so as to attract private sector investments and enhance regional power trade.
3. resources from EU development assistance should be efficiently mobilised to catalyse key investment projects in developing economies (including energy generation, with a focus on the renewable sector and energy efficiency technologies), and to increase both the regional and global security of the energy supply chain.
4. efforts on the promotion of renewable energy and of energy efficiency and enhancing the role of energy in poverty eradication, including in developing tailor- made solutions based on renewable energy for temporary refugees camps, should be intensified, in the light of Rio +20 and of the UN "Sustainable Energy for All" Initiative.
5. the importance of energy questions should be raised in existing and future instruments concerning development cooperation in coherence with the renewed EU development policy.
6. activities such as those undertaken under the Clean Energy Ministerial should be encouraged.

5. Follow-up

In order to ensure a proper follow-up of the above priorities INVITES the Commission:

1. to take relevant initiatives, with added-value, for the implementation of the above-mentioned priorities, in close communication and coordination with Member States. The Council should be informed of planned initiatives which , if implemented, should be reported in a timely manner.
2. to examine how it plans to better target existing funding for external energy priorities to meet the specific needs identified by this Communication, and if any new funds are required, how these will be sought through reprioritisation within the EU budget, without prejudice to the Multiannual Financial Framework
3. to prepare a report on the implementation of these conclusions with a view to their review not later than in 2013."

Annex¹

Principles of the set of cooperation formats

	With our neighbors / market integration partners	With our key energy suppliers and transit countries	With key energy players worldwide	With developing countries
Scope	All issues covered by EU energy policy	Priority to: <ul style="list-style-type: none"> - Security of supply/demand - investment promotion, stability and security - trade and investments cooperation - promotion of sustainable development policies and common energy standards 	Priority to: <ul style="list-style-type: none"> - Security of global energy supply chain - common actions towards enhancing investment promotion, stability and security - promotion of sustainable development policies and common energy standards - R&D cooperation 	Priority to: <ul style="list-style-type: none"> - energy market reforms - promotion of sustainable development policies and common energy standards
Instruments	Energy Community treaty	Strategic energy dialogues	Strategic energy dialogues	Ad hoc energy cooperation
	Instruments under the ENP; crisis response and prevention mechanisms;		Instruments under EU development policy Where appropriate crisis and response instruments	
	Partnership and cooperation agreements covering inter alia energy Energy Charter Treaty Trade Agreements Union for the Mediterranean			

¹ It is duly acknowledged that a third country may belong to more than one of the above four categories or that its status may change across time.