



Speech at the 25th Meeting of the Energy Charter Conference

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Prime Minister, Excellency's, Secretary-General Rusnak, ladies and gentlemen,

It gives me great pleasure to have the opportunity to address this distinguished audience at the occasion of the annual Energy Charter Conference here in Astana.

First of all, I wish to congratulate the Government of Kazakhstan for being a successful chair of the Conference this year, in fact the first *country* that has ever held the chairmanship of this Conference. Thank you for your work and commitment, and thank you for organising this great gathering. Let us hope that it will be an inspiring day that will give us the chance to exchange views and information on our understanding of what global energy security means to each and every one of us and how it can be achieved.

On the Energy Charter

Today is already day 2 of this Conference. Yesterday, the Statutory Session was held at which the actual work was done by looking back on the achievements of the past year and looking forward to the challenges for coming years. I have been informed that yesterday's session has been a very productive one. No wonder, taking into account the important issues on the agenda.

First and foremost, the meeting took note of the important progress made in updating the existing European Energy Charter. Under the leadership of the Secretary General, the negotiating parties have reached agreement on a new 'International Energy Charter'. This new Charter will be an opportunity for new countries to become engaged in the Energy Charter process and to use it as a stepping stone to becoming full-fledged parties to the Energy Charter Treaty. I look forward to the special Conference to be organised next spring in The Hague by the Netherlands at which the new text will be formally adopted and signed.

2014 has been a special year for the Energy Charter: this year the functions and the effectiveness of the Energy Charter Treaty have been reviewed. The result of this review has now been laid down in Conclusions and in a new Astana Roadmap which lays out the course of the Energy Charter for the coming years.

The Charter is an economic alliance between countries with different cultural, economic and legal backgrounds which are united in their commitment to achieve common goals: to provide open energy markets, to stimulate cross-border investment and trade in the energy sector, and to assist countries in transition in developing an effective institutional and legal framework for energy.

My message today is that the European Commission is fully committed to making the realisation of these goals a success. The Commission will continue to work in close cooperation with the EU Member States and all contracting parties and signatories to ensure that the new Charter and the Energy Charter Treaty continue to be regarded as corner stones of global energy architecture.

On the Energy Union

The subject of today's Ministerial Session is the relevance of transit corridors for global energy security. It could not be more topical. The events in Ukraine show the world that peace, stability and security cannot be taken for granted.

In addition, we all know very well the complex environment and the new realities in the global energy markets. Several of them represent serious challenges to all of us. Let me point them out to you:

- Europe's dependence on fossil fuel imports is increasing. The increasing indigenous production of oil and gas in some parts of the world is leading to a widening gap between industrial energy

prices, in particular with the US.

- Within the EU, energy bills for EU consumers are rising. This is in part due to the pressure of rising global demand on resources, but also to the costs linked to an ageing infrastructure and national decisions on tariffs, levies and taxes.
- Climate change is another problem that will not go away, as highlighted once again in the recent report of the Intergovernmental Panel on Climate Change. It says that recent emissions of greenhouse gases are the highest in history.

Given all the challenges ahead of us, the European Commission's new President, Jean-Claude Juncker, has made clear his intention to give priority in the coming years to the construction of a resilient Energy Union with a forward looking climate change policy.

The choice of Energy as a key priority for the next five years has also been agreed by the EU leaders last June.

In the new Commission, I have the honour and the responsibility to bring forward this very important priority for the European Union.

What are my ideas for doing this?

I want to build an Energy Union aiming at affordable, secure and sustainable energy. I will also work to ensure a more holistic approach to energy across different policy areas covering also climate, transport, industry, research, the digital economy and agriculture. They are all crucial for my project.

Fortunately, some important bases for a future Energy Union have already been laid down:

First of all, we have a policy framework for climate and energy for 2030 agreed at the highest political level by the European Council. This framework is built on three targets: a binding EU target of at least 40% domestic reduction in greenhouse gas emissions; a binding EU target of at least 27% for the share of renewable energy; and an indicative target at the EU level of at least 27% is set for improving energy efficiency.

The new EU targets represent one of the most ambitious commitments to combat climate change. It is an important step to provide more certainty to our investors and will contribute to the promotion of jobs and growth in Europe.

Second, we have a European Energy Security Strategy in place to enhance our energy security. This Strategy has been welcomed by the European Council only last month.

And third, we have made substantial progress towards the achievement of the EU's internal energy market. Our efforts towards this common goal are not new. All efforts must now be mobilised to bring this objective to full completion.

Ladies and gentlemen,

With all this in mind I have defined five pillars which will contribute to Europe's competitiveness and economic growth. They are the following:

The first pillar would be built on security, solidarity and trust.

Europe needs to join efforts to be able to push for fairer prices and more balanced market conditions. Europe is the biggest energy customer in the world and for that we pay more than € 400 billion a year to 3rd country suppliers.

The EU needs to speak with one voice to construct more assertive European energy diplomacy. To this end:

- Europe should better coordinate its messages to resist undue pressure from third countries and avoid market distortions. As agreed by the European Council in October, Member States should duly inform the Commission on intergovernmental agreements with third countries in the field of energy, and seek its support throughout the negotiations.
- Europe should increase cooperation with its neighbours with a view to better integrate their respective markets. This would apply to so called candidate countries and also to Mediterranean countries which we met in Rome last week with a view to relaunching the Euro-Mediterranean

energy cooperation.

- Europe should also explore the common purchasing of gas while respecting the relevant competition rules and the rules of the World Trade Organisation.
- Within the EU, we need to strengthen policy coordination among us: no Member State should modify its energy system without prior consultation of its partners or without analysing the potential consequences for those partners. An Energy Union must aim at deepening cooperation and integration between the Member States.
- To increase competition and obtain better conditions, Europe should also continue the diversification of supply both as regards routes and sources. Therefore, we are working intensively on making the Southern Corridor, to get Caspian gas to Europe, a reality. Moreover, the development of LNG terminals opens new possibilities of imports.

The second pillar of Europe's Energy Union would be dedicated to the completion of a competitive internal market.

The internal energy market should represent the backbone of the Energy Union. Its completion is a prerequisite if we want to maintain the competitiveness of EU industry and to secure affordable energy prices for our households. This topic will be at the centre of the next Energy Council to be held in December.

The completion of the internal energy market will require increasing cross-border flows, more regional cooperation and a better connected infrastructure.

Available EU funds and the future EU Investment Plan can contribute to the financing of these energy infrastructure projects. I have already started working with the Commission's Vice-President for Jobs, Growth, Investment and Competitiveness to present an ambitious investment package of which energy will be a main component. This package will mobilise additional public and private investment in energy networks, as well as in renewable energy and energy efficiency.

The third pillar would be moderation of demand.

To keep our energy bills in check and improve our energy security, we need to moderate our energy demand.

We know that improving energy efficiency will not only increase energy security, but also enhance the competitiveness of European industries.

I therefore fully support the European Parliament and President Juncker's commitments to energy efficiency. The review clause included in the 2030 Framework offers us an important window of opportunity to set a more ambitious energy efficiency target after 2020.

I will work closely with my colleague Commissioner Arias Cañete to make sure that a reliable and transparent governance system is developed to ensure that the EU meets its energy policy goals, while fully respecting the Member States' liberty to determine their own energy mix.

The decarbonisation of the EU energy mix would be my fourth pillar.

I want to continue the successful reduction of greenhouse gas emissions. I have already mentioned the binding target to reduce domestic greenhouse gas emissions by at least 40% below the 1990 level, by 2030.

This target will ensure that the EU is on a cost-effective track towards meeting its objective of at least 80% reductions by 2050.

By setting its level of climate ambition for 2030, the EU will now be able to engage actively in the negotiations on a new international climate agreement that should take effect in 2020.

Our aim is to make sure that our international partners take comparable efforts. This will be good for climate, but also for our companies, as we want them to compete on a level playing field. And there are indeed promising signs from third countries as shown by the political agreement of two weeks ago between the US and China, those being the two countries that emit most carbon dioxide.

I am also fully committed to maintain the EU's global leadership in renewables technologies. The agreed target on renewables at EU level will contribute to reduce the EU's trade deficit in energy commodities, and reduce our exposure to supply disruption and volatile prices of fossil fuels.

This commitment will also contribute to creating jobs in emerging sectors and sustaining growth in innovative technologies.

And this brings me to my fifth pillar: technologies

Further investment in research and innovation is crucial, not only to achieve the EU 2030 objectives, but also to sustain our economies and our competitiveness.

These are the five building blocks on which I believe we will be able to create a resilient Energy Union, coupled with a forward-looking climate change policy. While we are already working on these five pillars, it is my wish to engage in an inclusive dialogue with the Commission's relevant partners being the other EU institutions, Member States and also stakeholders on the key priorities for an Energy Union.

Ladies and gentlemen,

I have used my speaking slot to give you an outline of my ideas for building an Energy Union. This Union will contribute to 'energy security', which is the subject of today's session. The Union will be the focus of my work in the new European Commission in the coming years.

To achieve energy security *at global level* definitely requires more actors than the EU alone. I am much interested therefore, to hear the views of the next speakers.

For now, I thank you for your kind attention.

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