

Holger Standertskjöld

Ambassador and Head of the Delegation of the European Commission to Singapore

Energy Security in Southeast Asia and beyond – from Competition to Cooperation?”

Civil Society’s Stake in Asia’s and Europe’s Energy Policy

*Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort*

RSIS (NTS) & FES Conference, Opening Dinner

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Dr. Stefanie Elies, Director of the Friedrich-Ebert-Stiftung's Office for Regional Cooperation in Southeast and East Asia, Ambassador Jörg Ranau, Prof. Mely Caballero-Anthony, Ambassador Ong Keng Yong, Excellencies, ladies and gentlemen, Good evening, I am very pleased to be at this Energy Security Conference and thank you to the organisers for inviting me to deliver a speech.

I very much appreciate your willingness to open up this debate to "civil society". The civil society has a strong role to play when it comes to ensuring good governance. Securing global energy ensures stability, freedom from coercion and encourages economic development. Energy Security is a matter of peace and development and this is why we have to consider the debate in a global context involving all stakeholders

Energy security is not just another item of the EU agenda: our objective is to secure that every one has access to energy. When I say everyone, it includes EU citizens but also all citizens of the world.

If you allow me, I would like (1) to provide you with some figures I think we will all find interesting, (2) explain what EU Energy Security policy is broadly about and (3) explain our cooperation actions on this matters with Asia and hopefully illustrate that it is about cooperation and not competition.

IEA figures & forecasts

Firstly, let me recall some figures of the International Energy Agency (IEA).

- The flagship publication of the International Energy Agency, the World Energy Outlook, made it clear in its last 2008 report that the current global trends in energy supply and consumption are "*patently unsustainable*". However, it also encourages us to change current energy patterns as "*it is still time to change the road we are on*". If things do not change, world primary energy demand will indeed grow by 1.6% per year on average over the period 2006-2030. In other words, this will lead to an increase of demand of 45%.
- The IEA estimates that non-OECD countries will collectively account for 87% of this increase, as their energy consumption overtook that of OECD countries already in 2005. Interestingly, the IEA has announced that this year's World Energy Outlook, to be published in November 2009, will focus on three special topics, one of them being the energy trends in South-East Asia "*in recognition of the growing influence South-East Asia is having on global energy markets*".
- Another topic the 2009 IEA Report is expected to put a lot of emphasis on, is the financing of energy investments under the post-2012 climate framework. As we already know, the IEA said in its 2008 Report that we need to forcefully engage on the path of decarbonising our economies and energy sources to prevent "*catastrophic and irreversible damage*". If we do not address this, energy-related emissions of Carbon dioxide (CO₂) and other greenhouse gases will inexorably rise, pushing up average global

temperature by as much as 6°C in the long-term. The 15th Conference of the Parties (COP) to be held at the end of the year in Copenhagen is a vital opportunity to be seized to negotiate a new global climate-change policy regime for beyond 2012.

- If one would like to draw the path on which we have to engage according to the IEA, one could say that:
 - massive investments in energy infrastructure will be needed. The figure of 26 trillion US\$ was mentioned by the IEA for the 2007-2030 period, on the basis of the price of a barrel of oil at a 100\$
 - Inaction for a global climate change policy is not an acceptable option, and therefore the road to Copenhagen must be paved with more than good intentions. It will require strong coordinated action, technological improvements and important spending shifts in both supply and demand.

It is for these reasons, and others, why the IEA Executive Director Nobuo Tanaka called for governments worldwide, in June 2009, to truly embrace a "new clean energy deal". According to the IEA, renewable power generation has to more than double its share in total electricity supply to 40 percent by 2030, to help keep CO² emissions levels below the agreed acceptable levels.

Let me now explain what we, the European Commission together with the 27 Member States of the European Union, are doing to enhance our energy security.

EU energy security policy

20-20-20 targets

Over the last 4 years the EU has begun the process of moving towards a sustainable, secure and competitive energy future. Indeed, it has undergone an energy revolution. This can be seen not just in the policies that have been agreed, but the simple fact that for the first time in its history the European Union has taken a conscious decision to collectively direct its own energy future, rather than simply leaving the market to provide its needs.

The Commission's first Strategic Energy Review in January 2007 focussed on what is now widely known as the "20-20-20 initiative" - that the EU should commit, by 2020, to:

- Firstly, reducing its greenhouse gas emissions by 20% compared to 1990 levels,
- Secondly, increasing the level of renewable energy from about 8% of its energy mix today to 20% and
- Thirdly, making a 20% improvement in its energy efficiency levels - in other words, reduce its energy consumption by 13% compared to 2006.

Renewable

- A new Renewable Energy Directive has been agreed, putting into effect the overall target of 20% renewable energy in the EU's energy mix and 10% of its transport fuel from renewable energy by 2020 in the form of legally binding obligations on Member States.
- It is worth reflecting on the level of ambition that this 20% target represents. Excluding large and medium-sized hydro electricity and biomass, all the efforts that EU countries have taken over the last decade to promote renewable energy - notably wind, solar and PV - has shifted the share of renewables in the EU's overall energy mix from 7% to approximately 8.5%. So in other words, to achieve the 20% target, the EU will need to install the same capacity of renewable energy that it has done in the last 10 years every single year for the next 12 years.
- This is indeed ambitious, but it can be done; we know this seeing what countries such as Denmark, Germany and Spain have achieved in recent years. And at the end of the day the point is this; if we are serious about increasing our energy security, we have no option but to do this.
- Wind energy is already making a significant contribution to improving the security of energy supplies in Europe: in 2008 more wind power capacity was installed than any other generation technology. The wind energy capacity grew by almost 15% in the EU, and by almost twice as much – globally.

- The other energy pillar of the 20-20-20 initiative is energy efficiency. Although this is the least glamorous of the various instruments that make up the EU's new energy policy, it is surely the most important; a 20% improvement in the EU's energy efficiency by 2020 can be achieved through cost-effective saving measures and translates into a reduction in energy consumption by some 13% compared to 1990 levels. It will reduce energy imports, boost household incomes, increase the competitiveness of EU industry, and make a huge contribution to reducing our greenhouse gas emissions. Although there are so many energy priorities to address, this must remain the highest.
- This EU has therefore now adopted a whole series of rules to make a major change in these areas. It has agreed rules on buildings, cars, energy labels, and adopted the "eco-design" Directive enabling the rapid adoption of minimum energy efficiency standards for a wide range of products, from TVs, to light bulbs, to washing machines, to motors.
- Improving our energy security requires thus from us to diversify our energy sources and to improve our energy efficiency records; now, this is clearly not enough to cope with a major crisis and this is why the European Commission in its Second Energy Review (November 2008) has proposed a five-point EU Energy Security and Solidarity Action Plan. This plan brings in three more items into focus:
 - ✓ Infrastructure needs and the diversification of energy supplies
 - ✓ Oil and gas stocks and crisis response mechanisms

✓ External energy relations

Investments in infrastructures

So far, our infrastructure development plans have lacked a European energy security dimension. The Review proposes to change this. It identifies a list of six infrastructure priorities for the EU on which action is needed, including; a diverse and adequate LNG supply for Europe, effective interconnections and offshore grids.

In parallel to the Strategic Review, and as part of the ongoing implementation of the EU recovery plan endorsed by the European Council in December 2008, the European Commission presented on 28 January 2009 a proposal to invest €5bn in key energy and Internet broadband infrastructure projects. The last gas crisis we experienced has shown how vulnerable Europe was with respect to its suppliers and the package is aiming to provide a strong common and coordinated answer to that challenge by diversifying our sources of supply and by developing new interconnections within the Community.

Improved oil and gas stocks and crisis response mechanisms

Recent events that have shown the vulnerability of countries, companies and citizens faced with oil and gas supply disruptions, the Commission has led a comprehensive reflection on energy security. Regarding stocks, on 12 June 2009, EU energy ministers agreed on a revised directive on emergency oil stocks.

The new legislation will bring the EU system closer to the practices of the International Energy Agency and strengthen the Community's capacity to face a supply disruption. As before, emergency stocks are to be used to offset a temporary disruption of supplies, whatever their cause, and by no means to manipulate prices.

On the gas front, the Commission is working on new rules. After its evaluation of the Directive on Security of Gas Supply, it concluded that greater harmonisation of security of supply standards and predefined emergency measures at regional and EU levels were needed. We also have to reconsider the threshold for triggering EU action and compensation.

Cooperation with Asian countries

Reflecting about energy security amongst EU stakeholders alone would be unproductive. We are living in a highly interconnected world and cooperation with third partners is a fundamental requirement to energy security policies.

In Asia, energy security has become a growing concern even if the region holds significant energy reserves. For example, Malaysia and Indonesia have recently become net oil importers although they have been traditionally known for their rich reserves of indigenous fossil fuels. China has also put a lot of efforts in its Five-Year Plan to improve its energy security.

The European Commission has built a number of partnerships notably with ASEAN, China, India, Japan and in which energy security is a central theme. In each of these dialogues, we are seeking to make progress to achieve enhanced energy efficiency, fast deployment of renewable and clean energy sources but also investment in energy infrastructures.

I would also like to mention that our cooperation with ASEAN has recently been given a strong impetus. Last month, at the 2nd EC-ASEAN Energy Dialogue in Thailand and energy security has been given a central role in this framework. EC and ASEAN have agreed last June on a energy work plan for 2010 which includes *inter alia* biofuels, energy efficiency but also investment in energy infrastructures.

Last but not least, the ASEM held for the first time last June a Ministerial Conference fully dedicated to Energy Security. For the first time in ASEM history, a Joint Statement (versus a "Chair statement) was adopted by all ASEM members. This Joint Statement is a very strong political message of EU and Asia's willingness to cooperate together to enhance energy security.

Together, we agreed on the following:

- Enhancing energy security requires ambitious and comprehensive energy policies that include diversification of the sources, routes and types of energy supplies, as well as

encouraging the use of low-carbon technology and of more sustainable and cleaner energy resources;

- Promoting energy efficiency across all the sectors of the economy is a fundamental part of energy security policies;
- Comprehensive energy security policies should also include diversification of suppliers, integration of regional markets and the development of adequate transportation infrastructures;
- Securing transparent and non-discriminatory frameworks throughout the energy supply chain will encourage the necessary investments in exploration, production, transportation and efficient and sustainable use
- Our cooperation to achieve these goals is vital and we shall meet on regular basis in the ASEM framework to report on our progress and difficulties.

This political message is a very strong one and will give further impetus for concrete cooperation actions. I believe we – EU and Asian partners- are ultimately working together in the right direction.

Many thanks for your attention.