# Speech

## Mr. Piebalgs

## Member of the European Commission responsible for Energy

## Conference "The New European Maritime Policy"

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Ladies and Gentlemen,

I am very pleased to participate in this conference and to see so much interest in EU Maritime policy. As Commissioner responsible for Energy, I am sure that you will understand my own interest, as energy plays an important economic and social role in the maritime area. For Europe - and for Latvia, my country of origin- the sea has meant a lot in terms of economic development, notably at the time of the Hanseatic League and still today.

As you may know, I am personally involved in the definition of an EU maritime policy at the invitation of my colleague, Joe Borg, and with the strong commitment of Commission President Barroso. I am confident the forthcoming Green Paper will identify the right measures in favour of a more integrated policy in this regard.

If I were to ask you what the ideas of energy and the sea mean to you, your first thought might be: off shore production of hydrocarbons and their transport; and obviously this is important. It will be the first point I will develop. At the same time, our coastlines offer opportunities for the exploitation of wind power; I will therefore continue with the role of renewable energy. Finally, the sea itself is also a source of energy: it will be my last point. *

Ladies and gentlemen,

Before tackling these issues, I wish to remind you that both policies – maritime and energy – seek to address similar challenges. I am thinking of security of supply, sustainability and a well functioning internal market.

Concerning energy, the future is rather bleak: in addition to the context of high oil prices, there is the question of dependence. By 2030, almost 70% of the energy we use will be imported. Energy demand will rise by 1 to 2% per year, and the share of fossil fuels in our energy supply will rise to almost 90%. By 2030 also, the world could be using half as much energy again. As European Commissioner for Energy, I find this alarming. Which is why we need to put in place today the measures which will increase the sustainability of our energy supply, and a European maritime policy can help us achieve this.

To remedy to this situation, we have to make our energy supply more sustainable. Sustainable energy means more renewable energy. I want to make sure that Member States deliver on their promises in particular to increase the share of biofuels in transport, and green electricity. Sustainable energy also means R&D to promote clean

coal technology and carbon sequestration. Nuclear energy also has a role to play in those countries who choose it.

Second, we have to tackle rising energy demand. My recent Green Paper on energy efficiency identified the potential for Europe to save 20% of its existing energy use in a cost effective manner. To date, too little has been done to tackle inefficiencies in transport. But this is where a large part of our higher carbon dioxide emissions comes from. We need to think more seriously about making the polluter pay and bring about some real efficiency improvements in vehicles.

Third, the completion of a genuine internal energy market will enable to ensure stable energy supplies at the lowest possible cost. The South East Europe Energy Community Treaty, signed last month, will contribute to this objective.

This short overview shows the importance of the challenge and the need for linking policies between each other, notably maritime and energy policies. Transport of hydrocarbons and production off-shore are key aspects to be considered.

**1. Transport of energy and production off shore**

Since the origin of civilization, the sea has been the favoured way for trade and travelling. Energy commodities are not an exception. EU imports one half of its energy needs, most of it by sea: in 2004, 70% of EU oil imports were shipped by tankers, and 10% of EU gas import were imported by ships through 10 terminals for liquefied natural gas (LNG).

If you allow me, I wish to extend a bit more on LNG, as its importance is expected to increase in the overall supply picture of the EU. According to our services, LNG share of total EU 25 gas consumption will be 19 % in 2010 and 35 % in 2030. Furthermore, with LNG becoming more competitive on medium – long distance, sea shipment is likely to become more frequent. At present, two new terminals are under construction and a dozen other projects are under discussion. These new trends therefore deserve specific attention on the part of the European Commission, notably in the context of the Green Book on an EU maritime policy.

In terms of production, most of the oil and gas used in the EU comes directly from off shore, more specifically the North Sea. This regional production accounts for one third of EU oil consumption and for 60% of EU gas consumption. Unfortunately, oil production is going to decline and gas production has begun to flatten with only Norway adding significant new capacities in recent years.

There are good perspectives, however, to find new fields in regions less exploited until now: the Norwegian Sea, the Barents Sea, the Caspian Sea, the Persian Gulf (especially for gas). But, as you can see, we are moving further and further from the EU for new resources and with distance, risks increase.

Among challenges, the increasing number of tankers around the world represents a permanent source of risk. The Erika and Prestige environmental disasters are there to remind us of this.

The EU and its 25 Member States have a strong commitment to supporting the efforts of the International Maritime Organisation (IMO) to enhance maritime safety and promote efficient shipping. The new rules for banning the carriage of heavy grades of oil in single hull tankers and accelerating the phase in of double hull tankers came into force on April 2005.

Oil from Russia is transported through quite sensitive areas such as the narrow sounds between the Baltic Sea and Kattegat, the Bosphorus Straits and from the Russian Barents Sea. Fortunately, the number of accidents has fallen significantly over the last few years, despite increased activity. The reduction in tanker incidents in the Baltic and Black Sea is in line with the reduction in the overall number of tanker incidents since 2000. Improved tanker safety must be taken as a strong indication that IMO regulation, like the International Safety Management Code, has had a strong positive impact on the industry.

Although maritime safety has improved, the quantity of oil transported by sea is still increasing, including through fragile environments like the Baltic Sea. This is why the Commission will prepare a Communication that will explore the various ways of promoting land transportation of oil, via pipelines and the rail network, as opposed to the riskier maritime transportation.

**2. The sea as a maritime space**

We need to develop alternative and endogenous sources of energy. Here, again, the sea – and the wind – can help us.

By the end of 2004, a total of almost 600 MW of offshore wind power capacity had been installed around the coastlines and large inland waters of five European countries – Denmark, UK, Sweden, Netherlands and Ireland. The largest offshore wind park, at Nysted in Denmark, has a capacity of 165.6 MW.

Wind power, onshore and offshore, is expected to play an important role in achieving the EU target of 21% renewable electricity by 2010. It has had an impressive growth of 20% in 2004 alone, reaching the total installed capacity of 34,000 MW (end 2004). By 2010 the industry foresees to reach 75,000 MW of installed wind capacity in Europe, around 13% of this from offshore wind.

To this end, we need to improve the effectiveness of support for renewables. My services have carried out a review of Member State funding of renewables funding and will report soon. The objective is not to harmonise practices, but to analyse the effectiveness of the various schemes. By this, I mean effectiveness in terms of energy delivered, the cost of this energy, technological development, and the internal market.

Member States have to address the barriers – administrative and grid – hampering the development of renewable energies. Complex licensing procedures and poor integration of renewable energy in local planning persist around Europe.

**3. The sea as energy source itself**

What about the sea as a "source of energy" itself? Over the last twenty years, the European Union financed ocean, wave and tidal energy developers. In total, twenty nine projects have been awarded research and development support in these three main areas, and three other projects are still under negotiation. Under the Research Framework Programme, the cumulated EC contribution over the last fifteen years rose to above 20 million.

Increasing R&D funding is critical to advancing the development of ocean energy systems. Ocean energy technologies must solve two major problems concurrently: proving the energy conversion potential and overcoming a very high technical risk from a harsh environment. No other energy technology has had to face such demands. When deploying a prototype, developers risk losing five years of development and investment in a storm lasting only a few hours. Furthermore, most developers are SMEs, for whom such a loss can be overwhelming. Additional R&D funding would help to mitigate the

substantial technical risk faced by developers daring to harness the energy of the marine environment.

Ocean energy systems cover a wide range of applications that can be deployed on the shoreline and offshore. Technology is emerging to allow large scale demonstration projects. To date, few demonstration prototypes exist and most are in Europe. Research covers the areas of shoreline and offshore wave energy devices, of tidal current turbines and of salinity gradient systems. These salinity gradient systems are a recent development and could be deployed in many European river estuaries.

There are different flagship prototypes. One is Shoreline Wave Energy, for which there exist two demonstrators, one on the island of Pico in the Azores, and one on the island of Islay, Scotland. Another is Offshore Wave Energy with a prototype of 20kWe. There is also tidal current turbine, with a prototype of 300kWe.

It is also worth noting that, since October 2001, the European Commission participates and follows, through the Implementing Agreement on Ocean Energy Systems, the latest developments at international level while promoting the research, development, information exchange and demonstration of the Ocean Energy Technologies.

Ladies and Gentlemen,

I hope that, by now, you have a better idea of the role of energy in European maritime policy. Like this policy, energy policy needs to be given to a wider framework – a European one - which helps us address all the global challenges I have mentioned earlier.

To this end, I will propose next year a Green Book and a Communication on a secure, competitive and sustainable energy policy for Europe. The recent statement of PM Blair before the European Parliament calling for the development of a common European energy policy is to be welcomed in this context, as well as the very encouraging discussions in Hampton Court.

Thank you for your attention