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

Munich Security Conference" Panel on: Energy, Resources and
the Environment: New Security Parameters

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Dear Presidents and Ministers, Ladies and Gentlemen,

Global geopolitics is ever more complex; security challenges ever more interconnected with the global competition for resources and the need to secure energy supplies.

In the medium to long run; it is important to reduce the energy and resource intensity of the global economy,

- but for the foreseeable future the global demand for energy will continue to grow, driven by demographic and economic growth.

The main challenge for the global community in the next couple of decades is therefore not only to achieve a more sustainable energy system from an environmental perspective,

- but also to ensure secure and affordable energy supplies.

SECURITY CHALLENGES AND TENDENCIES

The interlinking between energy and geopolitics has been evident for decades. The obvious example is the political situation in the Gulf area (which has had important implications for global energy supply for decades)...

- but the situation is becoming more complex, for example with regard to natural gas.

I see three major tendencies with important implications for global energy security, all of which are interlinked and likely to intensify over time:

First, *global competition for energy is increasing*. While growth in the developed countries stagnates, new global economic powers are emerging in other parts of the world.

- Global energy demand will therefore continue to increase for the foreseeable future, and more countries and regions will compete for the resources available.

Second, and as a direct consequence of increased global competition, *energy markets are globalising*. While the market for crude oil has been global for decades, other fossil fuels have primarily been traded on a national or regional basis.

- Technology and infrastructure developments together with new demand patterns have already broadened the geographic markets for natural gas, and this process will continue.
- Will we see a similar development for electricity in the future?
- Will we - for example - see large scale imports of renewable electricity from Africa to Europe in some decades from now? I do not know, but it is certainly a possibility.

This leads me to the third main tendency, namely the ever *strengthening link between energy and sustainability*. It is clear that our present energy system is not sustainable in the medium to long run. Energy consumption is – directly and indirectly – a major contributor to higher CO2 concentrations in the atmosphere.

- Our efforts to mitigate climate change are not sufficient, and impacts on the water cycle, food supply and eventually rising sea levels are likely to lead to new challenges, potentially with a destabilising effect on society in parts of the world.

EXAMPLE OF SOUTHERN MEDITERRANEAN

Allow me to illustrate some of these tendencies with the example of the Southern Mediterranean:

- By 2030, it is expected that the region's population will have increased with 80 million people and that GDP per capita will have increased by 75 percent
- These developments could well lead to a doubling of energy demand and a tripling of electricity consumption
- Today, renewable energy is poorly developed in the region and energy markets are characterised by significant public subsidies.

This situation causes a series of potential security risks:

- The increase in energy consumption may lead to financial instability if subsidies are continued
- ...but higher energy prices (if the subsidies are removed) together with water and resource scarcity may lead to social and political unrest
- Competition for water and energy resources could lead to tensions and conflicts between states
- ...which ultimately could pose a threat to the democratisation of the region.

Such developments would certainly have important security implications also for other parts of the world, not the least for Europe. This is why the EU is focusing its technical assistance in the region to structural reforms of the energy markets, to energy efficiency and to the promotion of solar energy. Moreover, we attach great attention to regional integration, including a stronger South-South dimension: our vision is to build a common energy area around the Mediterranean as a factor of peace and prosperity.

To achieve this:

- The EU supports energy sector reforms in order to create favourable investment conditions.
- The EU provides loans and grants to develop regional energy infrastructure in the South.
- The EU is promoting the development of solar technologies: focus on reducing the costs and technology transfers. Exports to the EU as pump-priming (making investments bankable and creating scale effects).
- The EU works on creating regional (South-South) energy cooperation and exchanges. Example: Maghreb electricity market integration, cooperation among energy regulators, among electricity transmission system operators...

This is just one example of the potential interplay between energy and security. Our neighbours to the east and south east are likely to become more important for Europe's energy security in the years to come.

- Stability and security in this region is of equal importance.
- I am therefore very pleased to have key players in the panel representing some of these countries.

CONCLUDING REMARKS

As a concluding remark, I would like to stress that energy is not only a potential *concern* from a security perspective, it is also a potential *tool* to increase stability and to deepen cooperation between nations.

- The transition of the energy system will ultimately not be an issue for specific nations and regions of the world; it will be a global process.
- I am convinced that more cooperation and more interdependence in the energy field can improve international relations and build bonds that will help to stabilise the geopolitical situation in many parts of the world.
- It is in the EU security interest to be surrounded by stable and sustainable energy systems: this constitutes a major driver of our external energy policy.

Thank you for your attention.