



Resolution 1531 (2007)¹

Danger of using energy supplies as an instrument of political pressure

Parliamentary Assembly

1. The Parliamentary Assembly is aware that the changing energy landscape is a cause for concern for all regions of the world, and in particular for most European countries. European energy demand in fossil-fuel-based energy, with oil and gas taking the greatest share, continues to grow and is expected to rise by some 60% by 2030.
2. Taking into account the limited indigenous energy resources in most European countries, this expected growth in demand unavoidably means a substantial increase in dependency on oil and gas imports. Total energy import dependency amounts at present to nearly 50% in the European Union and is expected to reach 94% for oil and 84% for gas by 2030.
3. Security in energy supplies – which includes stable and predictable energy supplies as well as transparency in energy prices – is a necessary precondition for the smooth and sustainable development of national and regional economies. In particular, the risk of using energy supplies as an instrument for political pressure needs to be effectively eliminated.
4. The Assembly regrets the unfortunate incident which took place in January 2006, when the gas supply from the Russian Federation to Ukraine was significantly reduced as a result of a unilateral decision threatening the stability of the economic situation in the latter country. The Assembly asserts that similar action in the future could moreover result in energy difficulties in several Council of Europe member states.
5. The Assembly believes that the time is ripe to raise the issue of the future security of energy supplies in Europe in order to avert a possible energy crisis in Council of Europe member states and foster the competitiveness of their economies in the global markets. In Europe, a stable and reliable energy system, based on mutual commitments in accordance with long-term agreements as well as on sound and transparent competition rules would be beneficial for all Council of Europe member states, whether energy producer, supplier or consumer countries. This requires member states to open their markets to both national and foreign investors, so as to allow the market to guarantee that sufficient investments are made and so that negative effects of any irregularities in the performance of one actor are mitigated by other actors.
6. The Council of Europe, which brings together both importing and exporting countries, can and should contribute to European energy security by promoting the idea of harmonising national energy policies with a view to establishing a common energy strategy based on solidarity and fair and transparent economic standards and by encouraging its members to comply with the principles of market economy.
7. The Assembly supports all efforts by its member states seeking to ensure future energy stability in Europe, such as those of the European Union aimed at addressing the issue of stability of European energy markets, and it welcomes in particular the European Strategy for Sustainable, Competitive and Secure Energy being worked out by the European Union in order to identify new challenges and responses regarding all aspects of energy policy.

1. *Assembly debate* on 23 January 2007 (4th Sitting) (see [Doc. 11116](#), report of the Political Affairs Committee, rapporteur: Mr Mihkelson). *Text adopted by the Assembly* on 23 January 2007 (4th Sitting).



8. Among the many factors which affect the security of energy supplies, the diversification of energy imports is of crucial importance. The need for such diversification is demonstrated by the fact that, if the present situation persists, by 2020, the dependency on gas imports from the Russian Federation will be rather high. For historical reasons, eastern and central European countries have a much higher energy dependency on Russian energy exports. For countries such as Georgia, Moldova, Ukraine, Belarus and several new European Union member states this is a matter of major concern.

9. The question of diversification in the sources of energy supplies cannot be addressed separately from the issue of systems for the transport and distribution of energy. Increasing the choice of supply routes would enhance the security of energy transmission. The necessary investments in this area should be strongly encouraged by national legislation and policies which are both transparent and fair.

10. In this context, it is essential that the rules governing energy transit be based on the principles of market economy and should not be dictated by political considerations. The Assembly believes that the instrument which could ensure respect for these principles is the Energy Charter Treaty's transit protocol. Regrettably, negotiations on the draft text of the transit protocol have not yet been successful.

11. Greater transparency in pricing policies and more efficient and competitive energy markets are also of crucial importance for European energy security. The Assembly notes that prices in the energy sector are currently not based on market economy principles. This problem should be addressed by European countries with a view to achieving prices which reflect production and transport costs, the level of demand, the level of supply or seasonal flows.

12. The Assembly stresses the need for stable and sustainable economic relations in the energy sector between the main European energy exporter, the Russian Federation, and other European countries which depend on imports of Russian energy. This would be strategically beneficial for all concerned.

13. In particular, a substantial dialogue should be engaged with a view to establishing a fair and transparent energy system in Europe. The Assembly is convinced that this dialogue would be reinforced by the ratification by the Russian Federation of the Energy Charter Treaty and by the completion of its transit protocol. The European Union-Russian Federation partnership launched in 2000 to promote a new energy dialogue between these two entities should be developed.

14. The Assembly is concerned about the fact that the Russian Federation's gas market is heavily monopolised by Gazprom. It believes that it is in the interest of all member states to seek an opening up of the gas transportation system to both domestic and foreign competition, thereby ensuring that sufficient investments will be made in gas production and transportation alike, with a view to fulfilling both domestic needs and export commitments.

15. Furthermore, the Assembly stresses the need for further development of new energy sources. Renewable energy is crucial for the future but is underestimated and under-utilised, notwithstanding its great potential in most European countries. Therefore the Assembly welcomes the European Union's resolve to increase the share of renewable energy in its total energy consumption to 12% by 2010 and 20% by 2020.

16. The Assembly insists on the importance of improving energy efficiency in European countries. This is vital for transport, the building industry and high energy consumption products. It is also important to reduce energy losses on energy transport and distribution lines. The Assembly is consequently pleased that the European Commission intends, in its action plan for energy efficiency, to reduce its energy consumption by 20% by 2020.

17. The Assembly is aware that the use of nuclear energy is a sensitive matter for the Council of Europe member states. This should not, however, prevent member states' governments from re-examining the potential role of this technology for enhancing energy security at national and regional level. The positive results achieved by several member states regarding both safety standards and energy production form an example of this potential.

18. The Assembly believes that, in order to ensure that the principles of market economy are observed in the energy sector and that energy supplies are not used as an instrument of political pressure, it is necessary to:

- 18.1. set up a pan-European think-tank to engage a dialogue on energy security in Europe with a view to establishing a common strategy based on solidarity and respect for market economy principles and the interests of all parties concerned;

- 18.2. formulate the guiding principles of such a strategy, addressing such questions as diversification, transport, transparency of prices, modernisation and construction of infrastructure, improved energy efficiency and use of renewable energies;
 - 18.3. organise a pan-European conference, with the participation of both exporting and importing countries, devoted to security in the energy sector in Europe;
 - 18.4. ensure the signature of the Energy Charter Treaty by the Council of Europe member states which have not yet signed it: Andorra, Monaco and Serbia;
 - 18.5. ensure the ratification of the Energy Charter Treaty by the Russian Federation and Norway;
 - 18.6. ensure the completion of the Energy Charter Treaty transit protocol.
19. The Assembly appreciates the development of environmentally friendly technologies and believes that member states have a responsibility to future generations to implement these technologies as much as possible.