

# EUROPEAN PARLIAMENT

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*Committee on International Trade*

**2006/2247(INI)**

18.12.2006

## **OPINION**

of the Committee on International Trade

for the Committee on Economic and Monetary Affairs

on macro-economic impact of the increase in the price of energy  
(2006/2247(INI))

Draftsperson: Godelieve Quisthoudt-Rowohl

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## SUGGESTIONS

The Committee on International Trade calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Recalls that competition on the worldwide market in oil and gas is increasing, especially through the growing demand from major emerging countries; calls on the Commission to give a high priority to the introduction of greater security of supply; stresses the mutually supportive roles that adequate market regulation and energy diplomacy should play in creating a stable framework for the supply of energy; insists on the importance of diversification of sources, suppliers and transit routes, as well as the enhancement of EU energy self-sufficiency;
2. Welcomes the Commission's Energy Efficiency Action Plan, as a key contribution to saving energy and hence reducing energy dependency;
3. Emphasises that higher energy prices will be a constant feature in the future as the world reaches the point of maximum oil production (peak oil), after which oil supplies will begin their inevitable long-term decline;
4. Believes that the impact of peak oil will have major consequences for international trade flows, as it becomes increasingly less economic to rely on goods which require long distance transportation, particularly by air;
5. Calls on the Commission to investigate measures to reduce the impact of peak oil on the citizens of the EU, including analysis of policy proposals such as an Oil Depletion Protocol, which would help ease the transition towards a non-fossil fuel future;
6. Welcomes the Commission's intention to use bilateral and multilateral trade policy to promote the use of energy-efficient technologies to reduce the growth in worldwide energy demand and believes that a global system for trading CO<sub>2</sub> emission permits would also contribute to this objective, as would measures to provide further incentives for efficient use of fuel by the airline industry;
7. Draws attention to the fact that oil is important not only for transport but also for most manufacturing industry; therefore considers that, at each stage of the production chain, all possible steps should be taken to ensure the most efficient possible use of fossil fuels so as to minimise the environmental impact and reduce pressure on scarce resources;
8. Calls on the EU Member States to formulate a joint energy strategy in order to assist the emergence of a stable and sound world energy market and offer the best prospect of putting an end to the alarming developments in relation to energy supply methods at world level;
9. Stresses that, far from impeding economic development, the Kyoto Protocol anticipates the need for changes in investment strategies as an inevitable result of the increasing cost of fossil fuels; notes that, moreover, it provides an international framework within which the exchange of new production methods, new technologies and best practice,

particularly in emerging and less-developed countries, should be encouraged;

10. Stresses that emerging and developing economies are particularly adversely affected by the oil price increase, due to the high energy intensity and low energy efficiency of their economies, and stresses the importance of the sustainable development agenda in the EU's foreign, trade and development policy;
11. Considers that energy-efficient and environmentally-friendly technology can offer European firms a significant competitive advantage; stresses that, in order to maintain this advantage, adequate funds need to be invested in research and development while European standards need to be promoted in international fora; calls on the Commission to promote trading partners' awareness of this scope for mutual benefit;
12. Emphasises the need for energy efficiency policies and actions to be properly addressed by the Structural and Cohesion Funds and the Competitiveness and Innovation Framework Programme; welcomes the Energy Efficiency Action Plan's proposal to leverage private financing via these instruments;
13. Welcomes the role played by the EU Emissions Trading Scheme in providing incentives to reduce energy consumption; calls for this scheme to be extended to include the aviation sector; and calls for the Commission to play its part in building a global emissions trading scheme;
14. Recognises that sustained higher energy prices will put pressure on production processes which rely on raw materials from a variety of geographically far-flung locations; calls on the Commission to provide a full analysis of the implications of higher energy prices and peak oil for trade flows as part of its work on trade and competitiveness;
15. Stresses that the uncontrolled increase in energy prices is affecting the less affluent, destabilising household incomes and undermining social cohesion, particularly in those countries with specific geographical, regional or climatological characteristics, such as mountain and island areas;
16. Stresses the importance of fostering a well-functioning world market in oil and gas, in particular through WTO rules and guidelines; considers that such an approach would make it possible to make an important contribution to energy efficiency and thus reduce upward pressure on energy prices;
17. Is concerned about the ongoing negotiations on the liberalisation of energy services in the framework of GATS which, in the name of greater energy security, attempt to reduce governments' right to regulate and to pursue priorities such as reducing reliance on imported energy and shifting to sustainable sources; is convinced that democratic control over energy policy has become a global imperative for addressing unparalleled threats to security, the economy, society and the environment; therefore calls on the Commission to refrain from making any requests and any offer to other countries to liberalise energy service sectors;
18. Stresses the necessity for more active involvement of the World Trade Organisation in energy matters and the need to work towards an agreement between the European Union and the members of the Organisation of Petroleum Exporting Countries with a view to

keeping under control the increase in energy prices;

19. Insists that security of energy supply must become an integral part of the EU's common foreign and security policy; stresses the importance of cross-border cooperation in the field of energy and calls on the Commission to develop energy policy cooperation within the European neighbourhood policy;
20. Calls for the establishment of a genuine Euro-Mediterranean energy market to be accorded a central role; notes with interest the desire expressed by the Commission, on the occasion of the conference on external energy policy held on 20 and 21 November 2006, to ensure North Africa and the Middle East occupy an important position in its external energy policy, and hopes that these statements are followed up by concrete action;
21. Considers the European Union initiative for the creation of an international mechanism to prevent profiteering on the petroleum exchanges to be a useful measure;
22. Stresses the importance of including, in European Union agreements with energy-producing third countries, provisions concerning measures to control the excessive and unjustified increase in the price of energy raw materials.

## PROCEDURE

<b>Title</b>	Macro-economic impact of the increase in the price of energy
<b>Procedure number</b>	2006/2247(INI)
<b>Committee responsible</b>	ECON
<b>Opinion by</b> Date announced in plenary	INTA 26.10.2006
<b>Draftswoman</b> Date appointed	Godelieve Quisthoudt-Rowohl 12.9.2006
<b>Discussed in committee</b>	22.11.2006
<b>Date adopted</b>	18.12.2006
<b>Result of final vote</b>	+: 15 -: 0 0: 8
<b>Members present for the final vote</b>	Kader Arif, Jean-Pierre Audy, Enrique Barón Crespo, Daniel Caspary, Françoise Castex, Christofer Fjellner, Alain Lipietz, Caroline Lucas, Erika Mann, Helmuth Markov, David Martin, Georgios Papastamkos, Tokia Saïfi, Robert Sturdy, Gianluca Susta, Johan Van Hecke, Zbigniew Zaleski
<b>Substitute(s) present for the final vote</b>	Panagiotis Beglitis, Harlem Désir, Elisa Ferreira, Małgorzata Handzlik, Jens Holm, Jörg Leichtfried