

P6_TA(2009)0118

Facing oil challenges

European Parliament resolution of 11 March 2009 on possible solutions to the challenges in relation to oil supply (2008/2212(INI))

The European Parliament,

- having regard to the Commission Communication of 10 January 2007 entitled An energy policy for Europe (COM(2007)0001),
- having regard to the Commission Communication of 13 June 2008 entitled Facing the challenge of higher oil prices (COM(2008)0384),
- having regard to Council Directive 73/238/EEC of 24 July 1973 on measures to mitigate the effects of difficulties in the supply of crude oil and petroleum products¹,
- having regard to Council Decision 77/706/EEC of 7 November 1977 on the setting of a Community target for a reduction in the consumption of primary sources of energy in the event of difficulties in the supply of crude oil and petroleum products²,
- having regard to Council Directive 2006/67/EC of 24 July 2006 imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products³,
- having regard to the Commission proposal of 13 November 2008 for a Council directive imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products (COM(2008)0775),
- having regard to the Commission Communication of 13 November 2008 on the Second Strategic Energy Review: an EU energy security and solidarity action plan (COM(2008)0781),
- having regard to the Green Paper of 12 November 2008 ‘Towards a secure, sustainable and competitive European energy network’ (COM(2008)0782),
- having regard to its resolution of 15 February 2007 on the macro-economic impact of the increase in the price of energy⁴,
- having regard to its resolution of 29 September 2005 on oil dependency⁵,
- having regard to its resolution of 19 June 2008 on the crisis in the fisheries sector caused by

¹ OJ L 228, 16.8.1973, p. 1.

² OJ L 292, 16.11.1977, p. 9.

³ OJ L 217, 8.8.2006, p. 8.

⁴ OJ C 287 E, 29.11.2007, p. 548.

⁵ OJ C 227 E, 21.9.2006, p. 580.

rising fuel prices¹,

- having regard to the Presidency Conclusions on energy security of the European Council of 15 and 16 October 2008,
 - having regard to the Presidency Conclusions on the policy implications of high food and oil prices of the European Council of 19 and 20 June 2008,
 - having regard to the World Energy Outlook 2008 of the International Energy Agency (IEA),
 - having regard to exploratory opinion of the European Economic and Social Committee of 14 January 2009 on possible solutions to the challenges in relation to oil supply²,
 - having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on Industry, Research and Energy and the opinions of the Committee on Foreign Affairs, the Committee on Economic and Monetary Affairs and the Committee on the Internal Market and Consumer Protection (A6-0035/2009),
- A. whereas increasing attention will have to be paid at European level to the diversification of energy supply routes and sources, energy savings and energy efficiency in order to guarantee the security of energy supply in the coming decades,
- B. whereas it is becoming ever more urgent to develop a coherent and comprehensive Community energy policy in order to ensure security of supply at a time when the European Union is becoming increasingly dependent on imports,
- C. whereas oil is a finite resource,
- D. whereas oil production by the European Union and Norway still made a contribution towards meeting domestic demand of more than 30% in 2007,
- E. whereas many oil resources, some of them easily extractable, are at present not fully accessible in many countries of the world owing to environmental measures or in the context of resource management and the costs of oil extraction have doubled since 2005 owing to the general rise in the cost of raw materials and equipment,
- F. whereas according to calculations by the United States Energy Information Administration, worldwide demand for oil will be more than a third higher in 2030 than it was in 2006 and demand in the European Union will rise by an average of 0.25% per year between 2005 and 2030, chiefly due to increased demand in the transport sector, which means that oil's share of primary energy demand in the European Union in 2030 will stand at 35%,
- G. whereas the European Union's dependence on oil imports will rise to 95% by 2030, whilst at the same time conventional oil reserves will be increasingly concentrated in the countries in the strategic ellipse, and growing competition in demand could create uncertainties in supply,

¹ Texts adopted, P6_TA(2008)0308.

² OJ C 182, 4.8.2009, p. 60.

- H. whereas rising oil prices are to be expected in the long term,
 - I. whereas the rise of inflation, triggered by hikes in the price of oil and basic commodities has provoked an erosion of purchasing power,
 - J. whereas the price fluctuations in 2008 cannot be attributed solely to supply and demand at that particular point in time and are having negative effects on the economy,
 - K. whereas the development of new investment vehicles on the market for oil and other basic commodities has amplified the price volatility of those commodities; and whereas there is a need to ensure greater transparency in energy markets,
1. Notes that the question of security of energy supply has again become the central issue in the above-mentioned Commission Communication on the Second Strategic Energy Review; regrets, however, that the Commission has not learnt lessons from the economic crisis, which has shown that only a complete shift in EU energy policy will lead to a solution as regards security of supply, and solidarity among Member States, and to employment, and in social, environmental and economic issues; regrets further the lack to date of a clear commitment to further change in energy policy and structure;
 2. Stresses that, in addition to short-term measures to secure supply, account should also be taken of the long-term outlook;
 3. Calls on the Commission to focus more on analysing the indirect as well as the direct impact of proposed measures on security of supply and costs when preparing legislative proposals;

Exploitation of existing resources

4. Notes that, according to various estimates, it will still be possible to extract sufficient oil to meet demand in the coming decades, even though new extraction methods are likely to lead to higher oil prices; notes that this in turn will stimulate energy efficiency behaviour and will promote alternative fuels such as second generation biofuels and hydrogen, and the use of electric cars; notes also that the conditions of investment must be improved, and stresses further in this regard that the sustained demand for oil has increasingly pushed supply to capacity limits;
5. Points to the uncertainty surrounding the question of when and to what extent a gap will develop between mounting demand and falling supply; is concerned that this uncertainty will increasingly be reflected in growing oil price volatility; is therefore convinced that all measures that could reduce demand for fossil energy sources should be vigorously pursued;
6. Supports the Commission's proposal for short-term measures to be taken if necessary to mitigate future oil price spikes; calls on Member States to provide financial support for investments in alternative energy sources such as renewable energy, and to prioritise consumer awareness measures promoting the purchase of energy-efficient goods and services in order to minimise long-term expense as well as to mitigate a future decrease in oil supply;
7. Calls for an intensification of efforts to make unconventional oil resources commercially viable, and in this way to contribute to diversification, provided that environmentally

friendly extraction processes are developed and then used; stresses that a life-cycle approach concerning greenhouse gas emissions from fuels placed on the EU market, as introduced in the proposal for a Directive of the European Parliament and of the Council amending Directive 98/70/EC as regards the specification of petrol, diesel and gas-oil and introducing a mechanism to monitor and reduce greenhouse gas emissions from the use of road transport fuels and amending Council Directive 1999/32/EC as regards the specifications of fuels used by inland waterway vessels and repealing Directive 93/12/EEC (COM(2007)0018), will provide a real incentive for the oil industry to reduce its share of the impact on climate change by improving its production processes;

8. Believes that the use of oil and other carbon-intensive energy sources should be reduced, both through increased energy efficiency and by a shift to more carbon-neutral solutions, such as nuclear energy and energy derived from renewable sources;
9. Takes the view that the extraction of existing resources is increasingly being hampered by political factors, including political instability, insufficient legal protection, but also environmental measures and resource management; calls, therefore, on the Commission to step up the dialogue with producing countries at all levels and to seek pragmatic solutions to disputes in the interests of both parties;
10. Calls on the Commission, in dialogue with the oil companies and producer countries, to seek ways in which steady investment can be secured despite fluctuating prices and profits;
11. Expects petroleum companies to reinvest their substantial recent profits in exploration and development of new oil reserves and in promoting energy saving technology and research into oil substitutes (notably for transport applications);
12. Urges a more dynamic relationship between the European Union and the oil-producing countries involving a willingness to give as well as take on both sides and aiming towards a more stable and steady supply and pricing environment for oil, which would be in the interests of all parties concerned and the world economy at large;
13. Welcomes the Commission's initiative to have a global political dialogue in the form of a high-level summit between oil-consuming and oil-producing countries in order to establish a fair balance between supply and demand on the oil market and to prevent oil-producing countries from maintaining oil prices at artificially high levels;

Market transparency and pricing

14. Is concerned at the increasing oil price volatility, which was a striking feature in 2008 and has a negative effect on the whole European Union economy and its consumers;
15. Takes the view that fluctuations in the price of oil reflect an increased demand for oil, progressive depletion of oil reserves, changes in demographic and urbanisation trends, especially in emerging economies, where the rise in average income is causing an increase in demand, speculation on the commodity markets, and global economic cycles; stresses also that oil and other commodities have been increasingly used for portfolio diversification as a result of the depreciation of the US dollar;
16. Expresses its concern at the volatility of oil prices and its impact on economic and financial stability; while recognising the benefits of active markets in oil and other energy products,

urges the Commission and the Member States to ensure the highest practicable level of transparency in energy markets;

17. Recognises that the economies of oil exporters are also damaged by such volatility and a stabilisation of oil prices is therefore in the interest of both sides;
18. Welcomes the Commission's Communication of 13 June 2008 on facing the challenge of higher oil prices and echoes its concern over the recent oil price volatility and the negative effects thereof on inflation, competitiveness, trade and economic growth;
19. Considers that the main reason for the oil price rise in the past eight years lies with a strong growth in demand that has led to bottlenecks in the extraction, transport and refining of oil and to large windfall profits made by a few big oil oligopolies; recognises that the marked rise in prices for raw materials and speculative transactions on the financial markets have heightened the trend in oil prices;
20. Highlights the need to prioritise the monitoring of competition in the processing and sale of oil and petroleum products and to increase the transparency of data on commercial oil stocks;
21. Considers it vital to improve market transparency in order to stabilise oil prices; calls on the Commission to submit corresponding proposals to Parliament and the Council; points out that transparency must urgently be increased in the producer countries as well, and volumes of production and the level of reserves in particular must also be published in a transparent way; calls on the Commission and Member States to work towards greater transparency within the framework of their dialogues with producer countries;
22. Welcomes, in this context, the proposal for a study on the usefulness and cost of a weekly publication of the level of oil stocks; calls on the Commission to incorporate the results of the study in its future legislative proposals for minimum oil stocks; stresses at the same time that transparency in this regard must be achieved worldwide;
23. Points out that differing technical specifications for oil products in the main importing countries lead to market fragmentation that may play a key part in pushing up prices in the event of supply shortages; calls on the Commission to submit proposals outlining ways in which such constraints on market access can be removed;
24. Takes the view that the function of strategic reserves is to respond to physical bottlenecks arising from supply shortages; for this reason and for reasons of sustainable budgetary policy, rejects all attempts to counter oil price volatility by using these reserves;
25. Stresses the importance of actively working to make new alternative energy accessible to small businesses in order to make them less dependent on oil price fluctuations; recognises the importance of small and medium-sized enterprises in the production of biofuels and other forms of renewable energy; is concerned about the technical and regulatory barriers which still exist in the production and commercialisation of those products and calls upon the Commission to work towards facilitating market access for those fuels;
26. Stresses that an effective emissions trading system and the adoption of a wide range of other energy saving measures should be important tools for stimulating the development of a wide-ranging, cutting-edge market for energy-efficient technologies and products; also

underlines the importance of the application of the ‘polluter pays’ principle; recalls that the greater the number of countries that put similar policies in place, the more limited their impact on the sectoral competitiveness of those policies;

Investments in oil extraction and processing

27. Notes that, according to the IEA, annual investments amounting to USD 350 billion are necessary in the oil industry by 2020 in order to guarantee security of supply; calls on the Commission and the Member States to provide incentives for investment in their corresponding policies, also and in particular within the European Union; highlights the role of long-term investment security in this connection; rejects, however, the notion of public money being substituted for private investments and capital;
28. Is concerned at the effects of the current credit crisis on investment possibilities in the oil industry and calls on the Commission and Member States closely to coordinate their efforts to overcome the crisis;
29. Welcomes the contribution that could be made by the increased use of biofuels in the transport sector, particularly in increasing security of supply; notes that this will lead to consolidation and restructuring in the oil-processing industry; notes further that structural measures must also be taken in the transport sector in order to minimise the demand for oil;
30. Calls on the Member States and operators to ensure that, despite these developments, sufficient reserve capacities remain available in the European Union to offset bottlenecks arising from natural disasters, for example;
31. Calls on the Member States, the Commission and oil companies to ensure adequate training for the specialists who are required for research into oil reserves and for oil production;

Transport routes

32. Welcomes the results achieved within the framework of the INOGATE Programme, particularly in the field of confidence-building measures; calls on the Commission to draw up a strategy outlining how such projects can be supported through flanking measures and how coordination can be improved;
33. Points to the crucial importance of good neighbourly relations among transit states and between them and their neighbouring countries and urges the Member States and the Commission to step up their efforts in this connection;
34. Notes that oil pipelines have been excluded from the trans-European energy networks and calls on the Member States and the Commission to consider including oil infrastructure in the trans-European energy networks (TEN-E) in view of current developments, in particular falling domestic production and the simultaneous rise in dependence on imports and the need for new transport capacities;
35. Calls on the Commission and Member States to work towards stabilisation, in particular in producer countries threatened by political instability, within the framework of the common foreign, trade and security policy, since stability provides the basis for investment and prosperity;

36. Emphasises that new oil infrastructure projects such as the Odessa-Gdansk and Constanța-Trieste pipelines should continue to be high-priority projects of European interest;
37. Is concerned at the growing piracy that threatens international shipping and hence oil transport, and welcomes the Council's Joint Action¹ in this regard;
38. Is also concerned at the threat to transport routes and strategic infrastructure posed by terrorism and calls on the Commission and Member States to step up the dialogue with key players;

Transport and buildings

39. Points to the potential for energy savings in the buildings sector, which could reduce demand for fossil energy sources such as oil and gas, and welcomes the efforts currently being made by the Commission and the Member States to make even better use of this potential;
40. Welcomes the European Union's efforts to diversify energy sources in the transport sector; favours market-based approaches to the introduction of new technologies; recognises that price represents the best indicator for the competitiveness of new technologies; views as regrettable, however, the unambitious approach to exploiting the potential of energy-efficient, better-built, lighter vehicles;
41. Expresses doubts regarding the medium- and long-term suitability of first-generation biofuels as a substitute for oil; calls for increased efforts in researching synthetic fuels;
42. Is convinced that in the medium and long term the growth in oil consumption in the transport sector can be reduced only if the European Union and Member States take additional measures to shift transport and mobility towards more sustainable modes that consume little or no oil, such as rail, waterborne transport and intermodal mobility chains in urban areas (walking, cycling, public transport, vehicle sharing); is convinced, also, that considerable energy savings can be achieved through the more efficient use of modern traffic management systems to reduce delays and circuitous routes in road and air transport and shipping, and by intensifying efforts to promote green logistics;

Relations with countries with rising oil consumption

43. Takes the view that increased account must be taken of energy policy matters in the European Union's common external relations with countries whose energy consumption is rising sharply, and that the European Union must work towards cutting state subsidies for oil products;
44. Calls on the Commission to include in its common foreign, trade and neighbourhood policy measures that can contribute towards progress being made worldwide in removing the link between economic growth and oil consumption;
45. Points out, in particular, that the geopolitical impact of the changes in global conditions for

¹ Council Joint Action 2008/851/CFSP of 10 November 2008 on a European Union military operation to contribute to the deterrence, prevention and repression of acts of piracy and armed robbery off the Somali coast (OJ L 301, 12.11.2008, p. 33).

international energy security and the consequences for future international governance policy have not yet been adequately considered and debated by the European Union; takes the view that a continued reliance on national solutions must give way to new and close forms of political and economic cooperation between the European Union, the United States, Russia and China, which must also be given institutional form in the medium term;

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46. Instructs its President to forward this resolution to the Council and the Commission and to the governments and parliaments of the Member States.