European Union announces new energy strategy

Niall Green
24 January 2007

The European Commission published a white paper on the future of energy policy within the European Union on January 11. Although largely presented by the EU and in many media commentaries as an attempt to cut greenhouse gas emissions, the new energy strategy is driven primarily by the need for the European powers to reduce their dependence on unstable oil and gas imports.

Europe, with its limited and dwindling hydrocarbon energy sources, is highly sensitive to the resource wars that have erupted across the globe since the collapse of the Soviet Union in 1991. As America has launched military adventures and instigated coups in order to dominate the main hydrocarbon supplies and transit routes of the world, Europe has found itself increasingly at risk of having its energy needs curtailed. The insecurity of the European powers has been intensified by the resurgence of Russian power due to current high energy prices. Since Russia turned off the gas supply to Ukraine in January 2006, the editorial offices and corridors of power of the European capitals have reverberated with panicked talk of an energy crisis.

The EU Commission's plans are largely aimed at enabling Europe to reduce dependence on Middle Eastern and Russian oil and gas. Titled "A European Strategy for Sustainable, Competitive and Secure Energy," the proposals are also driven by the "free market" ideology that guides the initiatives of the EU, whereby the large nationally based energy companies of the European member states would be forced to open up to greater competition across a new continent-wide energy market.

The paper proposes that by 2020 a series of binding targets should be met by the 27 EU members. These include: 10 percent of automobiles to be powered by bio-fuel; 20 percent of all energy (including electricity, heating and transport fuel) produced from "carbon-neutral" sources such as solar, wind and nuclear energy; the development of "carbon burying," involving reducing atmospheric carbon emissions from fossil fuel burning power stations by disposing of it by other means. The document also deals extensively with the "liberalisation" of the European energy market.

The EU proposals have been widely greeted as a noble effort to respond to the threats of global warming. The *Washington Post* carried an article on January 10 titled, "EU Challenges World with New Climate Change Target," which stated that Europe was taking a "lead in cutting greenhouse gas emissions."

Many environmental organisations have also praised the EU's plans. "I think it's an important signal and very courageous what the [EU] Commission is proposing," said Yvo de Boer, executive secretary of the United Nations climate change convention. Hans Verolme, director of the World Wildlife Fund's global climate campaign, said of the white paper, "I think we would like to see a stronger package which is more specific in places, but overall this is an interesting proposal. We would urge governments to look at it closely and not to weaken it."

The "green" fanfare conceals the most essential points of the EU Commission's plan: the deregulation of the continent's energy markets to serve the interests of finance capital coupled with an expansion of nuclear power as a source of electricity generation.

The green credentials of the proposals are very limited. The target to have 10 percent of automobiles powered by bio-fuels will do nothing to reduce current carbon emissions because of the increasing level of car use. The main beneficiary of such a target would be European agribusiness, which can turn over large tracts of land to growing fuel crops that are likely to be highly subsidised by the EU.

In addition, the irrational, big business-dominated way in which renewable energy generation is being developed means that it is highly questionable if the EU can achieve anything close to its targets from renewable sources by 2020. Britain, in the mid-table for "green" energy generation in Europe, currently aims to generate just 10 percent of electricity from renewable sources by 2010, a figure that many observers believe will be difficult to achieve based on current trends.

The "carbon burying" scheme, which aims to limit the emission of atmospheric pollution from fossil fuel burning power stations, would allow more coal-fired electricity generation. While the EU has very little oil and gas, and that which it has is fast diminishing, it still has significant reserves of coal. A shift from Russian oil and gas to Polish and Romanian coal is seen as a facet of "energy security" by the EU bureaucrats. However, coal is a little-favoured form of electricity generation among some energy industry analysts due to its dependence on highly labour-intensive deep pit mining, which raises the possibility of industrial militancy threatening energy supplies, as occurred in Britain in the early 1970s and the 1984-85 miners strike. The far less labour intensive method of open cast mining is a highly environmentally damaging process and is not suitable in many of Europe's coalfields.

Prior to the publication of the white paper Britain's *Financial Times* commented on the EU Commission proposals, "If there were any doubts that the European Union's energy market suffers from a lack of competition and negligible cross-border trade in electricity and gas, they are likely to be blown away.... [T]he European Commission is set to unveil measures designed to tackle the current failings—and ensure consumers and businesses can finally reap the rewards of years of efforts to liberalise the market."

The paper continued, "Long-term contracts between gas producers and big energy groups stifle competition, because rival companies are unable to obtain sufficient quantities of fuel to challenge the incumbent, the report states. A similar problem exists in the electricity sector, because the bulk of power stations is controlled by a small number of groups."

This liberalisation of the energy market is aimed at opening up the large energy companies, some still partially nationalised, to exploitation by finance capital. But it is also hoped that the "free market" can somehow solve the EU's geostrategic energy problems, whereby the breakup of established links between the national energy companies and powerful raw material suppliers would lessen Europe's reliance on imported oil and gas.

There are many electricity and gas companies that have existing and

highly lucrative deals with non-EU exporters such as Russia's state-owned natural gas company Gazprom. There are also powerful European oil and gas companies such as BP, Royal Dutch Shell and Total that import hydrocarbons into the EU that would be very reluctant to permit any measures that could threaten their profits. These vested interests could provide insurmountable opposition to both the "liberalisation" and the "carbon-neutral" aspects of the EU Commission's paper.

Major national energy supply companies such as Eon in Germany and Gaz de France are expected to strongly oppose the measures aimed at "unbundling" the interests of the major energy companies, i.e., splitting the generation, distribution and sale of energy into separate companies operating across the EU rather than large nationally based conglomerates. Michael Glos, Germany's economy minister, said the EU plans would be "very difficult" to implement and might breach property rights enshrined in the German constitution. The French industry minister bluntly stated, "Our system works."

The EU Commission is likely to appease Paris and Berlin by offering a mechanism that would allow the big energy companies to retain ownership of the distinct parts of their networks, while subcontracting their management to other operators.

Even if the EU were successful in deregulating the energy market, there is nothing to suggest that a more "liberalised" system would not continue to rely on oil and gas from Russia and the Middle East. Any investment in new and safe environmentally sustainable energy generation would require a scale of investment that the "free market" has shown no evidence of being able to provide.

Because of the negligible impact the proposals will have on car and aeroplane transport, the EU's proposal of having 20 percent of all energy produced from "green" sources means in practice that half of all electricity must come from low-carbon emitting forms of generation. This is very likely to translate into an increased use of nuclear power.

Currently the EU generates around 30 percent of its electricity from nuclear power stations, a proportion that will have to be maintained or increased in order to meet the 2020 target, with an increase in the actual wattage generated to meet increasing demand.

Whether the EU energy market is "liberalised" or regulated as currently, the cost of maintaining and expanding the nuclear power plants across Europe will have to be carried by the exchequers of the member states—if not the cost of building the power plants then the cost of decommissioning the old ones and dealing with waste fuel. The whole cycle of nuclear power generation is vastly expensive and any expansion will consume many billions of euros. There continues to be no adequate and safe means of storing nuclear waste.

Despite this, and in defiance of widespread public opposition, Germany is set to shift its policy on nuclear power instituted by the previous Social Democrat (SPD)-Green coalition government, which ordered the phasing out of the country's nuclear power industry. Polls indicate that 80 percent of Germans oppose the renewal of the country's nuclear power reactors (a majority across the EU oppose nuclear power).

The current Grand Coalition government of the SPD and the conservative Christian Democratic Union (CDU) appear to be shifting from this position. Many in the CDU, including Chancellor Angela Merkel, favour the maintenance of nuclear power generation as a means of lessening Germany's reliance on Russian oil and gas. Given the vital strategic concerns at stake, there is no reason to suggest that the SPD will not reverse their longstanding opposition to nuclear energy.

In Britain the Labour government of Tony Blair has already signaled its support for a new generation of British nuclear reactors. While couched in the language of "green" energy, the pro-nuclear position is driven by dwindling oil and gas reserves in Britain's North Sea fields alongside the growing instability of imports from other regions.

The EU's turn back to nuclear is not an expression of concern for the environment but of renewed inter-imperialist antagonisms. While oil and gas require a vast and expensive array of pipe-lines across many often hostile countries, individual countries can develop effective nuclear industries in relative isolation from each other.

Nuclear power is seen by the national bourgeoisies of Europe as a useful means of circumventing the growing geopolitical mire of energy imports from the main hydrocardon exporting regions. Russia is increasing export costs and using the income from the high price of oil and gas to develop business interests that challenge the position of the European energy companies, while the Middle East is being ravaged and destabilised by American imperialism.

While the EU still needs to import uranium from countries such as Canada, Australia or Niger, the European powers feel this is a far less strategically risky option. Nuclear power does not need a complex supply network and therefore allows the European powers to limit the degree to which they have to cooperate with their allies and rivals.

From the postwar European Coal and Steel Community, the European powers have never had a coherent energy policy. The current proposals of the EU Commission, even though they are driven by the dictates of finance capital and imperialist strategy, are likely to be blocked by competing national interests.

There is a great disparity in levels of energy efficiency and greenhouse gas emission across Europe. Austria and Spain are well behind the EU average for the use of "green" energy, while Germany and the Scandinavian countries are much more advanced. Those countries that feel they are unlikely to meet the 20 percent target by 2020 are likely to use their vetoes to prevent the EU from placing binding targets with financial penalties for non-compliance.

The major energy companies will block any measures that threaten their profits. It is widely recognised that only those "green" energy projects that the market deems to be lucrative will be adopted while most of the "free market" proposals that threaten the powerful energy companies will not become law.

Behind the united rhetoric of the EU, the European powers are scheming to secure their own energy interests. Germany, while very wary of Russia, is continuing to cooperate with the Kremlin through such projects as the Baltic Sea pipeline. This project is seen as far more important to German imperialism than any solidarity with its EU "partners" such as Poland, which will lose wealth and influence once Russia is able to pipe energy directly to Germany. Meanwhile all the European powers are vying to win whatever favours they can from Washington's drive to dominate the oil resources of the Middle East and Central Asia, with France cooperating with US and Israeli interference in Lebanon, while Britain, Holland and Denmark are participating in the occupation of Iraq.

In contrast to the policies of the EU, driven by Great Power rivalries and the dictates of capital, a genuinely environmentally sustainable energy policy would demand the democratic control of publicly owned energy networks. The need of the world's people for energy produced in a sustainable way is incompatible with the profit system and the division of the world into antagonistic nation states. Only a United Socialist States of Europe, in solidarity with workers across the world, can strive to meet these fundamental demands of modern civilisation.