



Energy, Climate, Democracy and the Future of Europe

An E3G-OSI Thinking Event

05 July 2006 at the Brussels office of the Open Society Institute

Summary of Discussions

About the event

The 'Energy, Climate, Democracy and the Future of Europe' Roundtable was convened by E3G in association with the Brussels office of the Open Society Institute. The aim of the event was to undertake some critical shared thinking on the interlinkages between strengthened EU action on Energy and Climate security and the impact on democracy promotion and conflict prevention. A particular focus of discussion was the nature of the political and policy barriers that impede European action.

The roundtable was designed as the first step of a series of events being undertaken by E3G and OSI to reflect on how Europe can better shape the future of our globalised world by leading action on Energy and Climate security issues. The aim of this process is to help animate the development of a coalition of political and policy actors across Europe that will support the realisation of this new, outward-looking prospect for the European project.

This discussion took place under the Chatham House Rule¹. This summary is not a minute of the meeting but instead offers a flavour of the discussions.

Energy, Climate and Democracy

Introductory presentation by Nick Mabey, Chief Executive, E3G

There is a growing realisation that achieving energy security and climate security is at the core of future global challenges, with implications that go well beyond their traditional policy spheres. For Europe, these challenges will lie at the heart of the future success of its political project, and of the ability of Europeans to continue to live by the values it was founded upon.

¹ Chatham House London - When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.



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Achieving energy and climate security globally is critical to ensure Europe's future security and prosperity and is at the heart of Europe's values.

The changing geopolitics of energy, illustrated by the accelerating global scramble for resources, represents the most major threat to the international rules-based order. The increasing provision of political and financial support to dictatorial regimes in Africa and Central Asia and elsewhere in order to secure access to their national resources has led to democratic retreat and fuelled the destabilisation of whole regions. The anti-democratic changes in Russia are an example of the direction the world might move as geo-political competition for fossil fuels emboldens authoritarian regimes.

The strengthening Chinese engagement with repressive leaders in resource rich African countries embodies an even more serious risk. If China continues further along this "hard power" path to secure its energy security, it could lead to a world characterised by new 'great power competition', in which Europe would fare badly. Europe by its very nature and purpose is ill-fitted to a world dominated by large powers struggling for the appropriation of world influence and resources. Europe tested this approach to destruction in two world wars and understands that it is not a sustainable foundation for peace and stability. Europe can only thrive in a world promoting cooperation between countries and regions based on a strong multilateral rules-based system, reflecting the European model of fair, peaceful and cooperative development.

If badly managed, the impacts of climate change could accentuate these trends. Military planners in many of the major powers are already predicting the need for enhanced militarization in order to counter-act mass environmental migration in the coming decades. Some security analysts are already calling the crisis in Darfur the first climate change induced conflict. The EU is already struggling with the pressures of illegal immigration from North and West Africa, including the value choices around the interception of migrants at sea and building stronger and more intrusive border controls around "Fortress Europe". These policy choices are already changing how our neighbours see Europe – from an open to a closed society – and will ultimately shape the future European identity.

The stark geopolitics of climate security will force Europe to take a lead to prevent and manage these pressures in non-military ways. As a recent Pentagon study explained, in the event of rapid climate change the US always has the option to retreat behind its natural borders of the Atlantic and Pacific. Europe has no such "defensive" option to remove itself from the destabilising impacts of climate change in Africa, the Middle East and Asia, and the resulting migratory and other pressures.



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Europe's leadership in managing global energy and climate security is not an issue of economics or moral philanthropy, but an essential component of European strategic interest. Such leadership is required in order for Europe to preserve its future prosperity and stability while living in accordance with its fundamental values.

Europe has the capacity and resources – both internally and globally – to lead the necessary transformation to a low carbon and energy secure economy, but current European actions in this area is not adequate to the scale of the task.

The EU cannot balance the goals of energy security, climate security and competitiveness: it needs to achieve all of them at the same time. This requires a form of convergent policymaking which cuts across traditional boundaries and builds imaginative and forceful synergies. Despite the existence of an embryonic European Energy policy, it remains very weak in the face of the challenges it is trying to address.

The absence of mutual reinforcing EU policies is illustrated by the fact that, at the moment, EU climate policy is being watered down when it should be accelerated in order to deliver energy security objectives. In the automobile sector, for example, the difference between US and EU car efficiency – mainly driven by climate change policies – has already saved the EU 0.5% of GDP per annum in oil costs since 2004. High energy prices mean that similar economic gains have resulted from other climate change policies on domestic and commercial energy efficiency and the promotion of European energy services markets. The UK alone will reap net economic benefits of over Euro 150 billion from its current climate change programme to deliver Kyoto; Germany has created hundreds of thousands of new jobs from its aggressive renewable energy programmes.

Such initiatives, that have immediate ecological, economic and security impacts, should be enhanced to encourage further and quicker investment in energy and climate security. The EU is well placed to do this, as many of these initiatives – such as the EU Emission trading system – require sophisticated public-private partnerships. Europe has decades of experience in creating these approaches, and unlike the US has strong public political support for further action.

Put another way, while the US has created the world's most effective military-industrial innovation system; Europe is well placed to create the world's most effective innovation and investment system for clean energy technologies and services.

But this is as much an external agenda as it is about Europe's own energy system. Europe's core strategic interests lie in helping drive the global transformation to high



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efficiency and low carbon energy system, not narrow commercial advantage in proprietary clean technologies or gaining privileged access to energy resources.

Europe can use its enormous economic weight to drive change, especially in relationships with India and China. The industrial boom in China – mainly fuelled by our investment and consumption – means that it is currently building coal-fuelled power stations at the unprecedented pace of a major 1GW plant every 4 days. The lifetime emissions of the coal power plants build by 2030 will equal 2/3rds of total global emissions over the last 2 decades, and will push us into levels of climate change which have a high risk of catastrophic outcomes. We cannot stop India and China building coal power stations to meet their energy security aims, but we could prevent lock-in to their carbon emissions by helping deploy carbon capture and storage (CCS) technologies. The EU has already agreed to build a commercial scale CCS demonstration plant with China. While this is a good first step, unless the planned completion date of 2020 is moved forward it will have little impact on climate stability. E3G work in this area suggests that a plant could be built by 2010, if the right level of political and financial investment was mobilised inside a robust commercial framework.

China has also set an extremely ambitious target of reducing energy intensity per unit of GDP by 20% by 2010. It is in Europe's interest to act decisively to help China achieve this, in parallel with developing a more aggressive domestic energy efficiency policy; for example, by harmonising efficient product standards in the EU and China and lowering relevant tariffs. The energy and climate security benefits of cheap and highly efficient Chinese appliances in Europe outweigh any possible "competitiveness" issues around tariff reduction. In the same way Europe (and the rest of the world) has a greater interest in ensuring energy and climate security rather than overprotecting intellectual property rights (IPR) around clean technologies. Fears around IPR protection are holding up EU-China and EU-India cooperation in renewable technologies, coal, efficiency and other areas. However, many European companies already successfully manage access to IPR as part of their commercial and governmental relationships in China and India, showing a strategic balance of risk and reward can be found if ultimate objectives are clear.

Beyond using technology to diversify and reduce demand it is in Europe's interest to ensure that access to energy sources is driven by rules-based market processes, not strategic and military relationships. At the moment oil and gas markets are moving in the other direction, with direct state control and strategic involvement increasing across the world. The impact of emerging geopolitical competition is to further destabilise fossil fuel producers in fragile states in Africa and Central Asia; areas where Europe will be drawn in to resolve any resulting conflict and will suffer the inevitable knock-on effects of refugees, organised crime and residual violence. Europe needs to further promote mechanisms to weaken the "curse of oil" on unstable states. This could involve working with other major consumers such as China to



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reduce destabilising interventions and breaches of human rights, and expanding and strengthening agreements such as the Extractive Industry Transparency Initiative (EITI) to help reduce corruption and ensure populations benefit from their country's natural wealth.

The EU has great potential for action, but has failed to make the necessary political choices to act. The key barrier has been a failure to see the strategic importance of global climate and energy security to Europe's future, and therefore the need to lever a much higher level of political and financial investment.

European energy policies and strategies tend to be formed in a narrow framework of perceived national interests. These seem based on a backward looking view of sovereign security which ignores the growing reality of interdependence. German energy policy is a good example of this paradox; as it has focused on securing unilateral access to Russian gas over the concerns of its European neighbours for their security. Does Germany assume that it could thrive on its own by securing access to energy resources while sitting in the middle of a European continent struggling to meet its energy needs? Member State responses to the EU Green paper showed how the initial acknowledgement of the needed for stronger common purpose became quickly eroded by narrow national views and an unwillingness to look to the long term.

However, and despite all these problems, there is no other major power with the interests, resources and potential political will to take the lead in promoting global cooperation in the area of energy and climate security. Europe needs to play this role as it not only goes to the heart of its system of values but will also help determine its future place in the international system.

The conversations E3G has held across Europe suggest that these issues, more than any other, have the potential to engage European citizens with a new sense of purpose and vision for a renewed European project. Energy and climate security and the maintenance of democracy are issues that cannot be dealt with in silos and have thus to be made central to the EU project to mobilise the scale of political and financial energy needed to drive it forward.

Generating the political energy needed to overcome these national barriers, and the institutional silos in European policy making will require a new powerful coalition of actors. Building a convergent agenda around energy and climate security, framed around its importance in the European project and to securing peace and democracy globally has the potential to animate a coalition powerful enough to drive this agenda forward. Certainly no individual policy silo has the political strength to drive these changes at the scale and pace required.



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Key points raised in discussion on the substantive themes:

- Resources do clearly represent a serious risk for international instability. The concept of 'resource curse' defines how countries endowed with great stocks of natural resources are more likely to fall into political instability, economic stagnation and civil conflicts. The financial revenues received by governments undermine their efforts to build good governance and democratic systems, and invest in the social conditions for stability and growth.
- The coherence of the European exercise is undermined by the individual action of its member states in their quest for energy.
- More and more organisations working in the field of human rights and democracy are acknowledging the relationship between energy, climate change and democracy and putting these higher on their agendas. Within the environmental movement as well, a great deal of money is being shifted towards energy issues.
- When dealing with climate change and energy security issues, you have to define what your assumption is more precisely: does the security come from work on consumption or technology? Do we want to challenge the level of development?
- Another pillar that must be taken into account when thinking about the energy and climate duet is trade. Light must be shed on the link in order to better coordinate policies.
- There is a great margin for developing more energy efficient technologies for companies and for more cooperation with the public sector and NGOs.
- Energy prices play a major role in determining how much investment is made in energy saving, energy production and alternative energies. Energy efficiency is however not a silver bullet that is going to take fossil fuel prices back down. The trend is towards overall higher energy prices due to scarcity.
- The question that is driving policies is not energy scarcity but the search for cheap energy security (European countries did not stop exploiting coal because of scarcity). There will be strategic concerns that make European countries reluctant to pool their sovereignty on energy issues but this is possible as shows the change of mind of the UK.
- The French Senate has recently acknowledged the urgency and the scale of the threat represented by climate change and energy security. There is a growing consensus on these issues.



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- We can also engage on these issues through the prism of ethics and responsibility by putting into question the effects human activity is having and imposing on the world.
- The USA is starting to engage on these issues as well, notably through the development of biofuels – although not always very well orchestrated. The USA seems to be willing not to give its money to undemocratic states anymore but rather to its farmers. This is a model that has a great potential for development and replication elsewhere, including in Europe.

Key points raised in discussion of barriers to greater European action:

- Energy and climate issues, linked with democratic concerns, are concepts that are understandable by all – in opposition to the abstract Lisbon agenda – and could potentially resonate with European citizen.
- The idea of a common European energy policy is very attractive. It makes sense to create a coordinated system that will be more efficient and better armed to face external threats as well as climate change.
- Governance is important: In Germany a new government has increased the percentage of renewables in the energy mix from 0.7 to 10% over a 7 year period. There is an argument for European standard setting, also as a global leader.
- We have to define what kind of energy we want in Europe. This could be expressed as 'clean and fair' energy, encompassing climate security as well as foreign relations and democratic concerns.
- The blockages may come from the fact that politicians do not see how to face the challenges posed by energy and climate and as they don't know how to deliver they are reluctant to engage and make promises. But some best practice examples exist in Europe e.g. negotiations with all stakeholders to set up rigorous building standards in Germany.
- The barriers shouldn't be seen as impossible to overcome as so much has already been achieved in Europe where we have regulations and agreements on industries, buildings, etc. It may be limited but is already something you can build on. Europe is in many ways in the forefront. It is a question of increasing scale and ambition.
- In order to achieve the major shift in political rhetoric and investment, an energy campaign should be launched in three or four major European countries.



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- OSI, with its wide network, could play a role in bridging the gap between European countries and facilitating the exchange of best practices and information.
- The exercise that Europe has to go through is not to get out simply and abruptly of import dependency as this would greatly destabilise exporting countries but it is rather about creating the right mode of interdependency.

Next steps

- Various ideas have been put forward as to how things could be taken further on these issues. Of these, the possibility of launching a campaign for clean and fair energy has specifically been discussed. This could begin with a Clean and Fair Energy Forum and should include a broad coalition of environmentalists, businesses, democracy promoters, economists, and academics. OSI and George Soros could offer conveying power.
- Various participants expressed a clear interest in continuing this conversation and possibly taking it to a further level of commitment and action. These discussions are proving that there is strong resonance across Europe and across institutions for many of these ideas, but that there is a need to enlarge the audience and members of the embryonic coalition. Further engagement with other stakeholders in this process is required in order to bring to life this vision through a set of iconic choices.

Key Contacts

Nick Mabey, E3G

t: +44 (0)207 942 4061, e: nick.mabey@e3g.org

Andre Wilkens, OSI

t: +32 2 505 46 46, e: andre.wilkens@osi-eu.org