

Press release

Berlin, March 2, 2007

Energy: Choices for Europe – joint study by ESMT and BRUEGEL presses for workable European energy policy

A common energy policy is a key priority for Europe, according to the study “Energy: Choices for Europe” by European think tank BRUEGEL and ESMT European School of Management and Technology. However, the common approach recommended by the European Commission has three objectives that are only compatible in the long run. In the short run, trade-offs have to be confronted: green electricity cannot be achieved without higher prices; “national champions” may negotiate access to resources or incentivise investment into infrastructure but at the cost of competition; a carbon-heavy energy mix may lower dependency on politically instable countries but at the cost of the environment. The study shows that these trade-offs vary heavily between individual Member States, questioning Europe’s unity in identifying a common energy policy.

However, there is also a gain from adopting a common policy: some inevitable trade-offs inside Member States are less acute at the European level because a common approach allows the exploitation of the size and diversity of the European energy market. Therefore the authors propose five policy instruments to implement a workable common European energy policy:

- Existing competition rules need to be fully enforced at European level in order to avoid conflicts between Member States. They do not need to be changed in response to the energy challenge.
- A pan-European architecture of energy regulators should be created. Regulators must cooperate closely, and the system must involve a strong EU regulatory agency to act as a last resort.
- To reduce the interference of politics in economic markets, the study proposes a “one-voice policy” with regard to external energy policy in order to counterbalance political influence in producing countries.
- Instead of national quotas which are economically inefficient and difficult to implement, environmental targets should be set at the EU level.
- Research should focus on the development of the most promising domestic energy sources but should also be coordinated at the EU level.

Finally, the authors call on Germany and France to exercise their special responsibility in the process of reaching a common European energy policy: any common internal or external energy policy would fail without the weight of their support.

The study was written by Lars-Hendrik Röller (ESMT President and BRUEGEL non-resident Research Fellow), Juan Delgado (BRUEGEL Research Fellow) and Hans W. Friederiszick (Head of Practice Group Antitrust and Regulatory Solutions, ESMT).

The study was presented to the broader public for the first time today at ESMT campus in Berlin. A panel discussion followed with the participation of

- Mario Monti, Chairman of the Board of BRUEGEL and President of Bocconi University in Milan (moderation),
- Christoph Dänzer-Vanotti, Member of the Management Board, E.ON AG,
- Heinz Hilbrecht, Director for “Conventional Energy Sources”, Directorate General for Energy and Transport, European Commission,
- Lars-Hendrik Röller, ESMT President and
- Andreas Schuseil, Director General for Energy in the German Federal Ministry of Economics and Technology.



European School
of Management
and Technology

About ESMT

The ESMT European School of Management and Technology was founded in October 2002 on the initiative of 25 leading German companies and associations with the aim of establishing an international management school with a distinctly European focus. ESMT has provided executive education since 2003 and started an international fulltime MBA program in 2006. ESMT is located in Berlin with further campuses in Munich and Cologne. As a private institution of higher education, ESMT is fully accredited by German authorities.

About BRUEGEL

Bruegel is an independent, European economics think tank based in Brussels. Started in 2005 with the support of a number of European Union Member States and international companies, Bruegel's objective is to enhance the quality of economic policymaking in Europe through open, fact-based and policy-relevant research, analysis and discussion. Bruegel contributes to an improved understanding of the economic challenges and global responsibilities facing Europe by providing a global perspective on European issues and a European perspective on global issues.

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