

Objectives and Instruments of a Common Energy Policy

By Juan Delgado

Energy has emerged as the main topic of the recent EU Spring Summit. The conclusions of the Summit however demonstrate that, although the objectives set by the European Commission are in the right direction, their implementation will not be easy. The Spring Summit already reduced the ambitions of the Commission proposal. On the **internal market** for energy, the conclusions did not go much beyond the proper implementation of the current regulatory framework. Controversial aspects such as network unbundling (strongly opposed by France and Germany) were excluded from the debate. On **external policy**, the conclusions advocated strengthening the relationships with energy-producing and major consumer countries but this does not prevent member states from keeping their own individual foreign policies.

On **climate change**, the Summit was more ambitious. The four twenties, ie 20 percent reduction in CO₂ emissions and 20 percent of renewables in the energy mix by 2020, plus the 10 per cent target on biofuels, signaled a clear commitment to go beyond Kyoto in fighting climate change. However, the lack of underpinning of the targets and the dismal record of EU countries in failing to meet them in the past raise doubts on the realism of such targets.

In order to make progress Europe needs to put more emphasis on the creation of the internal market for energy and on the coordination of members' regulatory policies. Member states also need to escape from the tendency to bilateralise their external policies, and aim to rely on a single European voice which will strengthen the position of Europe vis-à-vis energy producing countries. Policies should be flexible and market-based in order to produce efficient outcomes and finally, special effort should be put on new technologies which are the basis of the "new industrial revolution" promised by President Barroso.

But setting policy objectives is not sufficient in order to make progress towards an efficient, secure and environmentally friendly energy scenario. As important as setting the point of destination, is setting the route to this destination from the very different situations the member states departure from. Targets are meaningless if not accompanied by consistent policies to reach them. In drafting such policies it is essential to recognise the different starting positions and the conflicts member states may face at national level. Europe can relax the policy trade-offs existing at national level by increasing the range of alternative solutions. But unless the EU moves quickly in providing a sound strategy to implement the objectives set, the "ambition" of the new EU energy policy could end up being its own destruction.

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