



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 30 January 2012

5934/12

**PE 34
ENER 35
ENV 61
MI 64**

NOTE

from: General Secretariat of the Council
to: Delegations

Subject: Summary record of the meeting of the European Parliament **Committee on Industry, Research and Energy**, held in Brussels on 23-25 January 2012

1. Constituent meeting - Election of chair and vice-chairs

The Committee elected by acclamation:

- Ms Amalia Sartori (EPP, IT) as its chair (replacing Mr Reul (EPP, DE)),
- Ms Patrizia Toia (S&D, IT) as its first vice-chair (re-elected),
- Mr Jens Rohde (ALDE, DK) as its second vice-chair (re-elected),
- Mr Dimitrios Droutsas (S&D, EL) as its third vice-chair (replacing Ms Podimata (S&D, EL)),
- Mr Evžen Tošenovský (ECR, CZ) as its fourth vice-chair (re-elected).

2. Engaging in energy policy cooperation with partners beyond our borders: A strategic approach to secure, sustainable and competitive energy supply

Rapporteur: Edit Herczog (S&D, HU)

Ms Merkies (S&D, NL), on behalf of the rapporteur, stressed that a functioning, integrated and interconnected internal EU energy market was essential to achieve a successful EU external energy policy. Consequently, she considered that Member States' bilateral agreements in the energy field needed to comply fully with EU legislation and there should be increased transparency and more EU involvement in the negotiations and regular discussions at EU level involving energy ministers, the High Representative and the Commissioner. Furthermore, the Council should consider granting the Commission a negotiating mandate to conduct negotiations where an infrastructure project of strategic importance affected the security of energy supply for the EU as whole. Ms Merkies also underlined the need for accelerated diversification of suppliers, routes and sources of energy supply by creating new transport corridors, increasing the EU's share of LNG and making contact with remote suppliers (e.g. Australia, Canada, Latin America, etc). She called for the Commission to present joint energy road maps with partners facing similar challenges, such as the USA, Canada, Australia and Japan.

Members broadly welcomed the report as a well-balanced basis for future negotiations but pointed out some missing elements. Mr Turmes (Greens/EFA, LU), together with Mr Gyürk (EPP, HU) and Ms Toia (S&D, IT), referred to the lack of an EU-China energy policy. He considered it necessary to achieve a win-win situation where national interests were covered while bringing added value at EU level (by enhancing transparency in the case of bilateral energy agreements). Ms Toia believed that EU involvement could be used as leverage when dealing with third countries. Mr Gyürk raised the issue of some Member States' dependence on energy imports and called for greater solidarity. Ms Del Castillo (EPP, ES) added that it was not possible to achieve solidarity without interconnections, and that required a proper competitive internal energy market. Other issues raised included energy efficiency, renewables, reinforcement of energy grids, labelling and standardisation, the situation in Algeria, sanctions against Iran, the South Atlantic, South America and developing countries and the WTO in energy-trading agreements.

The Commission representatives presented the Horizon 2020 framework programme, including its context, outline, key challenges, cross-cutting issues and timetable. They highlighted three main priorities of the programme: excellent science, industrial leadership and societal challenges, and gave funding details for each of them. They also tackled the issues of stronger participation by SMEs, widening of participation based on the principle of excellence, simplification, and contribution to the European Research Area (ERA) and gave an extensive overview of the role of the EIT.

During discussion, Members mentioned the synergies between Horizon 2020, the structural funds and cohesion policy (Ms Riera Madurell (S&D, ES), Ms Matias (GUE/NGL, PT), Mr Lamberts (Greens/EFA, BE), Ms Carvalho (EPP, PT), Ms del Castillo (EPP, ES)) and the lack of any link to agricultural policy (Ms Ford (ECR, UK), Ms Merkies (S&D, NL)). They also raised questions on the budget (Mr Glante (S&D, DE)), in particular the allocated amount (Mr Ehler (EPP, DE)) and its distribution between different priorities (Ms Riera Madurell, Ms del Castillo), co-financing and the fear that Member States would invest less owing to the crisis (Mr van Nistelrooij (EPP, NL)), the principle of excellence as the allocation criterion (Ms Ford) and the priority given to research that could deliver results and create growth and jobs (Mr Kelly (EPP, IE)).

The issue of simplification was also raised (Ms Riera Madurell, Ms Ford, Mr Ehler, Ms Matias, and Ms Carvalho), including the rules for participation (Ms del Castillo, Mr Ehler), in particular for SMEs (Mr Lamberts, Mr Kelly).

Members also raised the issue of fundamental research (Ms Riera Madurell, Mr Lamberts, Ms Matias), intellectual property rules and circulation of knowledge (Ms del Castillo, Mr Lamberts), societal challenges (Ms Carvalho), including physical and mental health (Mr Prodi (S&D, IT)) and culture (Ms Toia (S&D, IT)), the link between Horizon 2020 and the Innovation Union (Ms Merkies), the EIT and an overview of available instruments (Ms Matias, Ms Merkies) and subsidies for big industries (Mr Lamberts, Ms Ford).

The representative of the Commission thought that there was sufficient simplification, with one funding rate for all actors. He said that the system had to be fair to all types of participants. In response to the concerns about SMEs, he said that there was provision for dedicated instruments to give them better access to funding. He acknowledged the importance of their role, but pointed out that big companies had an equally important role, as they employed a lot of people, and it was important to keep them in Europe. Regarding the widening of participation, he reiterated the criterion of excellence. He considered that that was the only way for the EU to compete on a large scale. He agreed with Mr Kelly and saw a need for growth-enhancing measures. On social sciences, he assured Members that they would not play a secondary role as they should become key factors in addressing societal challenges. Concerning the synergies between Horizon 2020 and the structural funds, he said that their respective objectives should not be confused.

9. The role of Cohesion Policy in the outermost regions of the European Union in the context of EU 2020

2011/2195(INI)

rapporteur: Niki Tzavela (EFD, EL)

Committee responsible: REGI

Ms Tzavela called for an updated cohesion policy that would take greater account of the outermost regions, and wanted those regions properly reflected in several EU policy areas, such as climate change, the digital agenda, research and innovation and SMEs. She saw their potential to bridge the gap between the EU and third countries.

Given the need for their greater inclusion, Mr van Nistelrooij (EPP, NL), together with Ms Toia (S&D, IT), considered that the report should also focus on their specificities, where they could either serve as a good example or create an opportunity, particularly in the areas of innovation, research and renewables. The regions should also be mainstreamed in the ICT, communications and the EU flagship programmes. Mr Hénin (GUE/NGL, FR) added that EU efforts should be coupled with action taken at Member State level.

The representative of the Commission pointed out that the regions benefited from specific measures in cohesion policy. The need for their greater integration and the importance of the issues of climate change, research, innovation and the competitiveness of SMEs were recognised in the Commission proposals for the cohesion policy 2014-2020.

Timetable: deadline for amendments: 1 February 2012; 12:00

10. Attractiveness of investing in Europe

2011/2288(INI)

rapporteur: Michael Theurer (ALDE, DE)

Committee responsible: ECON

Mr Creutzmann (ALDE, DE) (Mr Theurer having left the Committee) highlighted the following as main factors attracting investment: the further development and strengthening of the internal market, incentives enabling universities to generate jobs through specialisation and by providing top qualifications, and a proper energy and transport infrastructure. He added that energy was a key issue for generating and preserving jobs in Europe. He also mentioned some obstacles in the field of gene research and gene therapy.

All Members acknowledged the crucial importance of investing in Europe. Several focused on China, where, according to Mr Kelly (EPP, IE), the EU was losing ground, and called for an overall strategy to deal with the issue. Mr Weber (S&D, FR), supported by Mr van Nistelrooij (EPP, NL), considered that a coordinated approach towards third countries was needed and proposed to create a committee to assess the investments by third countries in the EU. Mr Kelly drew attention to the fact that the research was being done in the EU but that actual production had moved elsewhere, which created a problem for the EU's competitiveness. To address this problem, Mr Prodi (S&D, IT) stressed that the EU needed to create the conditions to maintain its manufacturing power (also given China's inability to guarantee continuity). Mr Correia De Campos (S&D, PT) added that human capital, efficiency and productivity, together with trust and confidence among businesses, were essential in order to attract investment in the EU.

Timetable: deadline for amendments: 31 January 2012; 12:00

11. Visit of Morten Østergaard, Danish Minister for Research, Innovation and Higher Education, Presidency-in-office of the Council of the European Union

- Presentation of the Council Presidency's programme

Minister Østergaard highlighted four key areas for the Danish presidency: creating growth and enhancing Europe's competitiveness; extending the single market to cover new areas, promoting innovative solutions and ensuring sustainable growth; the green economy, including efforts to tackle the challenges of pollution, lack of resources and climate change; and security of citizens through concerted efforts and strong European cooperation. For research and innovation in particular, he highlighted Horizon 2020 as a follow-up to the EU 2020 strategy and the Innovation Union and a key driver for European cooperation. The Minister gave a detailed overview of the Presidency's objectives, the schedule for negotiations and the timetable of events. He concluded with an assurance that priority was being given to greater coherence between research and innovation and to maintaining excellence as the leading selection criterion for funding.

Members focused on the Horizon 2020 programme, including its funding (Ms del Castillo (EPP, ES), Mr van Nistelrooij (EPP, NL)), the rules for participation and greater simplification (Ms Riera Madurell (S&D, ES), Ms del Castillo, Mr Johansson (ALDE, SE)) and the role of SMEs (Mr Johansson). They also mentioned the prioritisation of major societal challenges (Mr Rohde (ALDE, DK)), the restricted definition of them (Ms Riera Madurell), the need to include social sciences and the humanities (Ms Thomsen (S&D, DK)) and healthcare solutions (Mr Balčytis (S&D, LT), Ms Toia (S&D, IT), and a multidisciplinary approach to addressing them. Other issues raised were research and innovation relating to traditional industries and the risk of one-sided investment in green industries (Mr Reul (EPP, DE)), protecting technologies (Mr Weber (S&D, FR)), focusing on stimulating innovation at regional level (Mr Johansson), linking excellence to the cohesion policy and infrastructures (Mr Johansson), the brain drain and the need to keep human capital in Europe (Ms Herczog (S&D, HU)), the need to attract people to research (Ms Riera Madurell), mobility (Mr Prodi (S&D, IT)) and free movement of knowledge (Ms Jordan Cizelj (EPP, SI)).

Minister Østergaard agreed that simplification was necessary to help SMEs and smaller partners to take part in the programme. He could not answer questions regarding the budget as the MFF negotiations were ongoing, but underlined the need for greater effectiveness. He saw room for prioritising in the area of societal challenges, but was not in favour of too extensive a list and supported the Commission proposal. Nevertheless, he agreed that it was necessary to acknowledge the broad scope of such challenges and advocated a multidisciplinary approach (in particular sciences and humanities). With regard to traditional industries, the Minister said that they also needed a lot of innovation and assured Members that the focus on sustainable energy was not intended to sideline them. In conclusion, he underlined the importance of strengthening the mobility programmes.

12. Mini-hearing on Energy policy cooperation & External energy relations

Part I

Mr Oettinger, Commissioner for energy, reminded Members of the main objective of the external energy policy: having a safe, sustainable and reliable energy supply at fair prices. He regretted that national concerns prevailed over EU objectives and that the EU was not yet speaking with one voice in energy matters. He considered this to be crucial for negotiations with third partners (such as Algeria, Russia, the Arab countries, Central Asian countries, etc), for securing the diversification of energy supply and for finding long-lasting and useful solutions to increase the EU's energy independence. He stressed that these countries expected one EU negotiator and the negotiations had to be conducted in a consistent way. Furthermore, he considered that energy relations went beyond the issue of supply, and referred to technology and knowledge transfers and common research projects, where coherent EU action was also required. Mr Oettinger believed that the proposed decision on an information exchange mechanism with regard to intergovernmental agreements (IGAs) would ensure transparency and legal compatibility and would be beneficial for Member States. He was aware that some Member States had objections, but called for a pragmatic approach to achieve progress.

Members raised questions on sanctions on Iran (Ms Del Castillo (EPP, ES)) and external energy policy influenced by foreign policy (Ms Tzavela (EFD, EL)), the Russian and Belarusian project for a new nuclear power plant (NPP) and the security standards of NPPs (Mr Balčytis (S&D, LT)), the coherence of the IAGs with long-term energy efficiency and climate change objectives (Mr Jadot (Greens/EFA, FR)), relations with potential partners facing the same challenges (Ms Herczog (S&D, HU)), and exports (Mr Jadot).

With regard to foreign policy prevailing over energy policy, Mr Oettinger said that it was not possible to give a clear answer as each case was unique. On export prospects, he spoke about the possibility of an under-sea connection and solar energy for the Maghreb. He also mentioned the EU wind and solar energy enterprises investing in China and the need to ensure that they were not disadvantaged by comparison with local companies. Focusing on the broader scope of energy policy, he specified that it should also target countries with research capacity and markets. Mr Oettinger acknowledged the potential risks attached to the new Russian-Belarusian NPP. Concerning the security standards of NPPs, he advised waiting for the results of stress tests that would not be available until May-June 2012.

Part II

Mr Popowski (EEAS) stated that energy was a central topic in EU foreign relations and the EEAS was promoting energy security objectives while conducting EU external relations. He reiterated that both the functioning internal market and the need to speak with one voice were of key importance for the EU objective of increasing its energy security. With regard to sanctions and restrictive measures (as elements of the external relations toolbox), he said that they were effective in the case of Iran, but pointed out that their use always required a highly political decision.

Ms Raabe (EUROGAS) focused on the concerns of industry relating to the IGA legislation. She did not support the calls for greater import independence and advocated instead the diversification of supply. She pointed to its close link with commercial agreements and reiterated that maintaining confidentiality meant more competition. She thought that the Commission should not disclose what was marked in the IGA as confidential. With regard to ex-ante notification, she identified four problems: notification could induce other parties either to participate in or jeopardise the agreement;

agreement might become completely unviable when the conditions were known; the Commission as a participant in negotiations might become too influential; and the examination period of 4 months was too long. Therefore she considered that ex-ante notification should remain optional.

Mr Umbach (Centre for European Security Strategies and European Centre for Energy and Resource Security) focused on the mega trends and geopolitical risks that justified the existence of an EU external energy policy. He mentioned in particular emerging countries which understood policies and democracy differently, the rise in energy demand and related challenges, and the fact that the majority of world gas and oil reserves were located in unstable countries. Given that the EU might become a major global oil importer, he called for a proactive external energy policy, with the political stability of exporting countries being a precondition for energy supplies.

Ms Tzavela (EFD, EL) and Mr Cochet (Greens/EFA, FR) were concerned about the sanctions on Iran, the influence of foreign affairs on energy relations, and the subsequent creation of tensions on energy markets. Mr Balčytis (S&D, LT) asked which service was competent (the EEAS or the Commission) to negotiate with third countries. In the context of security of supply, Members mentioned the role of LNG (liquefied natural gas), newly found gas resources in Brazil ((Ms Carvalho (EPP, PT)) and shale gas (Mr Balčytis). Referring to an oil peak, Mr Cochet was interested in whether it was possible to substitute oil for gas. Ms Herczog (S&D, HU) inquired whether the application of the internal market rules was not having a negative impact on external energy markets.

Mr Popowski was confident that the internal market had added value for its external partners, pointing in particular to the attractiveness of its interconnectivity. On energy and foreign relations, he reiterated the sensitivity of decisions with significant political considerations. In response to the question on competence, he informed Members that the Commission was the leading service for energy negotiations, with the High Representative associated on external aspects. In the context of security of supply, Ms Raabe reiterated the need for a stable political framework and a fully functioning internal market. Concerning gas, she referred to the increasing share of LNG and its flexibility in terms of infrastructure. On the substitution of high carbon fuels for gas, she said that resources (including unconventional gas) were available, but the decision depended more on political and technical developments. Mr Umbach added that investments in unconventional gas were currently not encouraged in the EU, even if studies disproved the allegations and maintained that this source of energy was environmentally clean.

13. Exchange mechanism with regard to intergovernmental agreements (IGAs) between Member States and third countries in the field of energy

2011/0238(COD) COM(2011)0540

rapporteur: Krišjānis Kariņš (EPP, LV)

Committees for opinion: AFET, INTA

Mr Kariņš mentioned four outstanding issues that emerged after the amendments were tabled: commercial agreements and the position of State-owned companies; the role of the Commission in the process, and whether it had the right to participate in negotiations or needed an invitation from the Member States; the timeline for the Commission's response; and the inclusion of a reference to investment agreements.

Addressing the issue of confidentiality, Mr Creutzmann (ALDE, DE) thought that all information should be at disposal of the Commission, but the confidentiality clause had to be respected. Mr Vidal-Quadras (EPP, ES) added that the commercial information in an IGA should not be subject to transparency requirements. Ms Kolarska-Bobińska (EPP, PL) considered that the Commission should clearly indicate in the document itself the precise location of information withdrawn. Mr Balčytis (S&D, LT) on the other hand, thought that commercial agreements should not be exempted from the assessment. Members agreed that the EP needed a strong position for its negotiations with the Council.

The representative of the Commission specified that the Commission was interested in commercial agreements only when the IGA explicitly referred to them, and its interest was driven by regulatory (not competitive) aspects. As to the Commission's role during negotiations, she thought that it was beneficial for Member States to ensure the compatibility of an IGA with EU law at an early stage, in order to prevent costly renegotiation. Regarding bilateral investment agreements, she said that their assessment was only necessary when it was relevant to the IGA.

The rapporteur reiterated the need for a strong EP position for negotiations with the Council. He considered it crucial to give the Commission real ability to participate in negotiations and have access to appropriate information, while respecting confidentiality. These factors were leading towards a common EU position in energy matters, which was in the interest of all Member States and EU consumers.

Timetable: further discussion: 6 February 2012
vote in ITRE: 28 February 2012

14. Visit of Martin Lidegaard, Danish Minister for Climate, Energy and Building, Presidency-in-Office of the Council of the European Union

- Presentation of the Council Presidency's programme

Mr Martin Lidegaard, Danish Minister for Climate, Energy and Building, presented the Danish Presidency's programme. He stated that the energy efficiency Directive was a legislative priority for the Presidency and would become a "driver for economic recovery in Europe". He explained that the Presidency's other priorities were the modernisation of energy infrastructures, the Energy 2050 roadmap, the roadmap for moving to a competitive low carbon economy 2050, the proposal for a Regulation on safety of offshore oil and gas prospecting, exploration and production activities and the proposal to set up a mechanism for information exchange on IGAs between Member States and third countries in the energy field.

On behalf of her political group, Ms Pilar del Castillo Vera (PPE, ES) stressed that there was a very broad consensus on the crucial energy efficiency dossier and that the objectives were now clear, but the difficulties lay with the implementation. She said that the steps taken to achieve the objectives would have to take account of diversity within the European Union, particularly the differences between Member States as regards climate and economic situation, and that flexible measures were therefore essential. Ms Britta Thomsen (S&D, DK) said that the financing of energy efficiency was of key importance and referred in that connection to the use of the structural funds. She called on the EU to provide resources to help the new Member States in this area and, in the context of examining the proposal for a Directive on energy efficiency, was in favour of binding objectives. On behalf of ALDE, Ms Fiona Hall (UK) said the differences between the situations of Member States required more flexibility in the steps to be taken under the future Directive on energy efficiency and expressed concern at the Council approach with regard to the obligations of public authorities. The rapporteur on the proposal for a Directive, Mr Claude Turmes (Greens/ALE, LU), said that the low-growth Member States would not be able to meet the energy efficiency objectives and that it was vital to take account of the relationship between competitiveness and energy savings. He deplored the European Investment Bank's decision to reduce the amount of loans in this area for fear of having its rating lowered by the rating agencies.

During the debate, Mr Zigmantas Balcytis (S&D, LT) called for account to be taken of energy prices and pricing mechanisms in the course of discussions on energy efficiency. Mr Jerzy Buzek (PPE, PL) wanted the cost of energy efficiency measures in the various Member States to be analysed. Mr Andrzej Grzyb (PPE, PL) raised the question of how energy efficiency was to be calculated. Ms Lena Kolarska-Bobinska (PPE, PL) was in favour of participation and control by the European Commission with regard to commercial agreements relating to energy. Mr Jens Rohde (ALDE, DK) raised the problem of the financing of energy efficiency.

Replying to the interventions by Members of Parliament, Mr Martin Lidegaard, speaking on behalf of the Danish Presidency, said that Member States' positions on the proposal for a Directive on energy efficiency were known and had not been altered: binding measures were envisaged and there would then be an evaluation on the basis of figures. He supported the Commission proposal and considered that binding measures were necessary to achieve the objectives, with the necessary flexibility to take account of the differences in the situations of various Member States. Mr Lidegaard stressed the Danish Presidency's determination to achieve the objectives.

The Council Presidency had signalled its agreement with Members of Parliament on the importance of financing energy efficiency, pointing out that that question was nevertheless the remit of the Finance Ministers. Mr Lidegaard also pointed to the importance of the two European Commission roadmaps, submitted in 2011, one on energy 2050 and one on climate 2050, and the importance of analysing the differences between the situations of Member States in this connection. He reiterated the Danish Presidency's determination to take forward the legislative proposals under discussion.

15. Visit of Ole Sohn, Danish Minister for Business and Growth, Presidency of the Council of the European Union

- Presentation of the Council Presidency's programme

Mr Ole Sohn, Danish Minister for Business and Growth, presented the Danish Presidency's programme. He said that the Single Market Act was a key priority for the Presidency and that the digital single market and the European digital agenda were of particular interest to the EU in terms of financial consolidation and growth.

Mr Sohn stressed the Presidency's determination to reach agreement at first reading in the next few months on the Roaming III Regulation. The proposal for a Regulation on guidelines for trans-European telecommunications networks, the revision of the Directive on re-use of public sector information and clarification of the future of the European Network and Information Security Agency (ENISA) were also important priorities for the Presidency.

During the debate, Ms Britta Thomsen (S&D, DK) pointed to the importance of the services sector and the need to support small and medium-sized enterprises (SMEs); she was supported by Mr Bendt Bendtsen (PPE, DK) and by Mr Reinhard Bütikofer (Greens/ALE, DE) who regretted the insufficient resources allocated to support SMEs. Mr Jens Rohde (ALDE, DK) insisted on the need to make progress on the European patent dossier. Mr Jerzy Buzek (PPE, PL) underlined the importance for the European project of the renewal of the common market. Mr Zigmantas Balcytis (S&D, LT) insisted that Member States adopt electronic signature and pointed to the current difficulties with the Connecting Europe Facility.

Mr Sohn shared the views and concerns expressed by the various Members of Parliament, both on the need to provide finance for SMEs and on the Services Regulation. He pointed out in that respect that the Horizon 2020 legislative package was designed to establish effective support for SMEs.

The President of the Council stressed the Danish Presidency's determination to conclude the complex dossier on the European patent and to reach agreement at first reading on the risk capital directive. Finally, he reiterated the Danish Presidency's determination to engage in a constructive dialogue with the European Parliament.

Date of the next meeting

- 6 February 2012; 15:00 - 18:30