



Council of the
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INFORMATION NOTE

From: General Secretariat of the Council
To: Delegations
Subject: Any other business
Recent developments in the field of external energy relations
- Information from the Commission

Delegations will find attached factual information on recent and upcoming events and developments relating to the above item on the agenda of the TTE (Energy) Council on 26 June, and covering the following topics:

- a) China
- b) Japan
- c) Eastern Mediterranean – Gas
- d) Mediterranean: High-level meeting on Energy Efficiency in Malta
- e) Algeria
- f) Iran
- g) Africa and Strategic Group for international energy cooperation
- h) Clean Energy Ministerial and Mission Innovation
- i) IRENA

a) China

As part of the EU-China Summit on 2 June 2017, the Commissioner for Energy and Climate Action, Miguel Arias Cañete, and his counterpart, the Administrator of the National Energy Administration of China, Nur Bekri, held the first Energy Dialogue since 2013. This signal of intensified cooperation between the EU and China comes after the signature of the Roadmap on Energy Cooperation in 2016, and resulted in the signature of a Work Plan 2017-2018 implementing the Roadmap. Both sides agreed to further develop their cooperation on energy efficiency, renewable energy, market and energy policies, and energy infrastructure. Progress on the cooperation should be assessed at the next Energy Dialogue to be held as part of the 2018 EU-China Summit.

b) Japan

The European Commission has negotiated a Memorandum of Cooperation (MoC) between the EU and Japan to promote the liquidity, flexibility and transparency of the global LNG market. Subject to Council endorsement, the signature of this MoC is scheduled to take place in July 2017. The initiative fits in the implementation of the Commission Communication on an EU strategy for LNG and gas storage ¹.

Japan is the world's largest LNG consumer and has issued, in May 2016, an LNG strategy with similar objectives as the EU's. Together, Japan and the EU count for almost 50% of global LNG consumption. Intensifying cooperation on LNG with Japan will enhance efforts to promote confidence in a more flexible functioning of the global LNG market.

Under the MoC, the EU and Japan will jointly organise workshops focusing on the main drivers for increased liquidity and flexibility (flexibility arrangements in sale and purchase agreements, well-functioning gas hubs, price reporting and transparency, financial trade in LNG based products). These workshops will involve participants from all major LNG producers and consumers and are aimed at the exchange of best practices.

¹ doc. 6223/16 + ADD 1

c) Eastern Mediterranean – Gas

At the Union for the Mediterranean (UfM) Energy Ministerial meeting in Rome on 1 December 2016, the EastMed Working Group was set up to report on the supply of gas to the EU from the Eastern Mediterranean with a particular focus on the EastMed gas pipeline. In that context, and at the initiative of Israel, on 3 April 2017 an EastMed Pipeline Ministerial Summit was convened with the participation of Ministers of Cyprus, Greece, Italy and Israel as well as Commissioner Arias Cañete. The main outcomes were: i) Ministers of Cyprus, Greece, Italy and Israel agreed to a report prepared by the European Commission on the emerging role of the East Med region as a major global gas player, and the East Med pipeline as a strategic export option; ii) a joint declaration was signed on the support of the EastMed Pipeline project; and iii) a set of follow-up Action Items was decided, notably the signature of an Intergovernmental Agreement by the four countries on the specific project.

d) Mediterranean: High-level meeting on Energy Efficiency in Malta

The Informal High-level meeting on Energy Efficiency in the Mediterranean took place on 18-19 May 2017 in Valetta, at the initiative of the Maltese EU Presidency. This informal meeting was held within the framework of the UfM Energy and Climate Action Agenda and the UfM Energy Platforms, which aim to deliver a secure, affordable and sustainable energy supply in the Mediterranean. Discussions concentrated on how to enhance regional cooperation on energy efficiency solutions and fostering comprehensive multilateral discussions to facilitate the deployment of energy efficiency measures in the Mediterranean region with a specific focus on the construction industry and tourism.

On the second day, a session chaired by the UfM Co-Presidency and the UfM Secretariat was dedicated to reporting on the ongoing developments and the implementation of the work programmes of the three UfM Energy Platforms, with a special focus on the UfM Renewable Energy and Energy Efficiency Platform.

e) Algeria

In line with the Energy Union Strategy the Commission kept developing the Strategic Partnership on Energy, which has become a permanent and structural element of the EU-Algeria relations. The two working groups on i) gas and ii) renewable energy & energy efficiency met twice during the first semester of 2017 and the annual high level meeting of Commissioner Arias Cañete with the Algerian Minister of energy took place on 11 April in Brussels. These technical and political discussions focused on facilitating and promoting European investments in the Algerian energy sector and paved the way for a second edition of the EU-Algeria Business Forum on energy to take place in Algiers at the end of 2017.

f) Iran

The EU-Iran Business Forum took place in Tehran on 28 April with Iranian participation at ministerial level. European and Iranian businesses were well represented with in total 130 companies, of which 60 European companies. Eight major energy associations were represented at the highest level (including Eurelectric and ENTSO-E), as well as six international organisations including IRENA. European companies count on the European Union's cooperation to facilitate access to the Iranian market and to make progress on the question of EU-Iranian financial transactions, which is a major obstacle to European investment in Iran. The presence of Commissioner Arias Cañete and the political signal sent by the EU in support of the JCPOA (Joint Comprehensive Plan of Action) and the reforms taking place was much appreciated, even more so because of the uncertainty linked to the US position on the JCPOA and the reopening of the US Presidential Waiver on Financial Sanctions.

Commissioner Arias Cañete also held fruitful bilateral meetings with the Minister of Energy, Mr. Chitchian; the Minister of Petroleum, Mr Zanganeh, and with Vice President and Head of the Atomic Energy Organization of Iran, Mr. Salehi.

Follow-up actions include the launching of two EU-Iran Expert Groups, one on Oil & Gas, and the other on Electricity, Renewables and Energy Efficiency; the organisation, in association with IRENA, of a workshop on Renewables support schemes, and the organisation of a second EU-Iran Energy Business Forum in 2018.

g) Africa and Strategic Group for international energy cooperation

Preparations have been ongoing in view of the forthcoming EU-Africa Summit of 29-30 November 2017 (Abidjan, Ivory Coast). Enhanced strategic cooperation in sustainable energy has been highlighted as a key development enabler in the Joint Communication for renewed impetus of the Africa-EU Partnership of 4 May 2017. A High Level Platform for public-private cooperation to boost investments in Africa's sustainable energy sector was launched at a Round table with CEOs of leading European companies on 24 April 2017. It will help build a strong economic case for accelerated access to reliable, affordable, sustainable and modern energy for all Africans by seeking to improve the investment climate, de-risking investments and facilitating sharing of know-how and best practice. It will be consistent with existing cooperation under the Joint Africa-EU Strategy in the frame of the sectoral energy partnership as well as the partnerships on infrastructure and research, science and innovation which also contain an energy component. Regular meetings and exchanges under all these partnerships have been taking place in the past six months.

Africa was also at the centre of the discussions of the 13th meeting of the Strategic Group which took place in Brussels on 27 April 2017. In the presence of the Commissioner for Infrastructure and Energy of the African Union, Ms. Abou-Zeid, Member States and the Commission reconfirmed their commitment to work with Africa in its energy transition, reported on their cooperation with African countries, and conferred on the role of the Energy Union in helping boosting access to clean energy for African citizens and the private sector in Africa. The African Union Commission reported on ongoing assistance and made suggestions for future cooperation.

h) Clean Energy Ministerial and Mission Innovation

The 8th Clean Energy Ministerial (CEM-8) and 2nd Mission Innovation Ministerial (MI-2) took place on 7-8 June 2017 in Beijing, China, with DG Energy Director General Ristori and Vice President Šefčovič respectively representing the Commission on behalf of the EU. The CEM meeting saw a widening of the membership and leadership of the various clean energy initiatives and campaigns, and the launch of new campaigns on electric vehicles, advanced power plant flexibility and net zero emissions of buildings. The MI meeting took stock of the advances in the governance of MI and the progress on the innovation challenges, calling for enhanced private sector involvement to drive them forward.

The European Commission, together with Denmark, Finland, Norway and Sweden announced that, with the support also of the Nordic Council of Ministers, they will be jointly hosting CEM-9 and MI-3 in the cities of Copenhagen and Malmö on 23-24 May 2018.

i) IRENA

The 7th General Assembly of IRENA and the 13th meeting of the Council of IRENA took place on 14-15 January 2017 and 23-24 May 2017 respectively. The Assembly and Council featured updates and discussions on IRENA's ongoing activities in the areas of corporate sourcing of renewables, renewable energy jobs, the integration of variable renewable energy, and the role of renewable energy in the Sustainable Development Goals and the Paris Agreement.

The strategic discussions at the Assembly and Council focused on the strategic and programmatic direction of the forthcoming IRENA Work Programme (WP) and Budget 2018-2019 and the Medium-term Strategy 2018-2022, which will have to be adopted at the 8th General Assembly in January 2018. The proposal for the WP 2018-2019 includes a stronger focus on renewable energy investment needs, economic development and growth, innovation, and a greater outreach for a more traceable impact of its actions. Furthermore, the need to catalyse action through partnerships has also been identified as a programmatic focus. The draft Medium-term Strategy 2018-2022 reflects priorities in the areas of innovation, regional activities, more targeted communication to a wider audience, additional funding sources, and the need for fewer but more sharply articulated activities.