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JOINT STAFF WORKING DOCUMENT
STAKEHOLDER CONSULTATION - SYNOPSIS REPORT

European strategy for international energy engagement

Accompanying the document

**Joint Communication to the European Parliament, the Council, the European Economic
and Social Committee and the Committee of the Regions**

EU External Engagement in a Changing World

{JOIN(2022) 23 final}

1. Introduction

In its Conclusions on climate and energy diplomacy of 25 January 2021¹, the European Council invited the European Commission and the High Representative of the European Union for Foreign Affairs and Security Policy / Vice-President of the European Commission to prepare a new strategy on the EU's international energy engagement.

Under the better regulation framework, the European Commission consults European stakeholders and citizens on every new initiative. This document summarises the responses submitted to the targeted consultation on a new “European external energy engagement in a changing world”, hereafter the strategy, which ran from September 2021 to February 2022, and the reactions received to the Call for Evidence that was open for public feedback from 22 November 2021 to 20 December 2021 on the European Commission dedicated web-site “Have-your-say”².

The aim of the consultation was to gather the views of interested citizens and stakeholders on the draft content of the strategy.

Consultation activities included multilateral and bilateral stakeholder conferences, the online public consultation, and an analysis of position papers submitted to the European Commission via the targeted consultation process and the Call for Evidence. Both qualitative and quantitative methods were used to analyse the input from stakeholders.

The consultation process took place prior to Russia's invasion of Ukraine on 24 February 2022. Some aspects of the changing geopolitical landscape are therefore not yet properly reflected in the answers of participants at the time. Other aspects, e.g. like the price spikes and security of supply issues, existed already well beforehand and have now still become more accentuated by the war.

2. Outcome of the stakeholder consultation

2.1. Targeted consultation

In preparation to the targeted consultation, the Commission carried out a mapping of the key stakeholders, including public authorities, industry, think tanks, academia and research as well as international organisations.

Those consulted include EU Member States, EU Delegations in third countries, representatives of industry and industry associations, think tanks, academia and research, as well as the International Energy Agency (IEA), the International Renewable Energy Agency (IRENA), the European Investment Bank (EIB) and the Energy Community Secretariat.

The Commission held together with the European External Action Service (EEAS) a series of on-line consultation meetings with these stakeholders based on a background document that informed about the envisaged context of the new strategy, its objectives as well as the main

¹ [Council Conclusions on climate and energy diplomacy, 25 January 2021](#)

² https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13276-Energy-diplomacy-European-strategy-on-international-energy-engagement/feedback_en?p_id=27491110

proposed measures and actions to achieve these objectives. It also included specific questions for more targeted input. In addition to the discussions and exchange during these on-line consultation meetings, several stakeholders also provided comments in form of position papers.

Structure of the strategy

The huge majority of stakeholders agreed to the broad outline of the strategy with its main thematic focus on 1) accelerating the global energy transition, 2) energy security in the clean energy transition, 3) trade in clean energies, 4) geopolitical challenges and opportunities, 5) fostering clean energy technologies, and 6) architecture of international clean energy cooperation. Several stakeholders wanted to see further accentuation of some of those elements, e.g. including a clearer reference to the Paris Agreement and the European Green Deal as the basis for European international cooperation or the introduction of non-energy specific aspects such as environment, climate, industry and digitalisation.

Accelerating the global energy transition

The majority of respondents suggested that the EU has the responsibility and the expertise to lead by example when it comes to the global energy transition. A number of stakeholders called on the EU to make good use of the COP-26 momentum and strengthen its efforts at bilateral and multilateral levels to help defining and setting targets leading to significant global CO₂ emissions reduction. Several respondents suggested emphasizing more the EU's responsibility for promoting the global energy transition e.g. via renewables and to focus stronger on the demand side next to generation, e.g. via the global promotion of energy efficiency and eco-design standards and labelling of products. However, a few respondents also questioned the strong reliance on renewable energy sources and raised concerns on their reliability in relation to energy security.

As regards geographic priorities, many stakeholders mentioned future challenges for fossil fuels exporting and consuming countries, and advocated to respect the different starting points of countries and the need for tailor-made approaches in third countries, e.g. in Sub-Saharan Africa. Some suggested that the strategy should clearly identify third countries or regions that can benefit from the EU's transition support measures. Others cautioned that third countries with middle-income status risk benefiting under the EU framework from limited financial support despite their pressing energy transition needs. Some respondents highlighted the necessity to attract in addition to public funds also increasingly private capital for accelerating the global energy transition.

In general, stakeholders considered the EU's 'Just Transition' approach as good narrative for the strategy. Several respondents highlighted the particular relevance of the South African coal phase-out project that was launched at COP-26. Many underlined the importance of the multi-party support alliance and considered that the coal phase out project could serve as positive example for others (e.g. in South-East Asia). Some suggested to develop the Just Transition concept further and to apply it not only for coal phase-out measures but also as a transition tool for fossil fuel exporters and to integrate the aspect of access to affordable and

sustainable energy. Very few stakeholders questioned the consistency of the EU's fossil fuel subsidies phase-out approach. Others suggested supporting national and regional grass root associations and NGOs in third countries with a dedicated programme to shape the regulatory environment for renewables from bottom-up and to professionalise the local industry.

Energy security in the clean energy transition

All respondents considered the further electrification and de-carbonization as key elements of any international energy engagement strategy. Some highlighted the importance to find the right balance between guaranteeing the more traditional energy security focusing on fossil fuels in the short- to mid-term, notably on natural gas, and responding to the new dependencies and the challenge to secure reliable, sustainable and cost-effective access to critical raw materials for clean energy carriers with the view to phase out fossil fuels in the long term. Consequently, some of them suggested merging the sections on energy security and trade in clean energies.

Many respondents highlighted the importance of natural gas as transition fuel in the energy transition context. They identified continued need for regulatory dialogues with gas exporting countries, including on LNG infrastructure, gas storage capacities but also on renewable gases and the refurbishment of pipelines to make them fit for future hydrogen deliveries. Some anticipated a substantial GDP reduction in gas exporting countries (e.g. Africa), due to the clean energy transition, and identified an economic diversification support role for the EU in those countries.

Many stakeholders wanted to see a strong infrastructure focus in the strategy, particularly in the EU's neighbourhood to the East and to the South. Some respondents stressed the importance of existing EU infrastructures instruments (e.g. Projects of Common Interest), others advocated possible new ones (e.g. a new infrastructure platform). Several respondents considered it important to announce in the strategy concrete infrastructure projects that the EU plans to support in the neighbourhood. Others underlined the importance of cooperating on hardware (i.e. grid) and software (i.e. regulation, market design, network codes) in the region and promoted further interconnections.

Several respondents wanted to see an analytical focus on supply chains and critical raw materials that goes beyond the mere import of green molecules and includes sustainability, labour law, circular economy and waste management aspects. Many respondents also wanted to see strong cyber security measures included.

Some stakeholders foresaw a stronger role for nuclear as a low carbon energy source in the strategy. Comments emphasized the export potential and the EU's mastery of the entire nuclear value chain or the importance of nuclear energy for the local hydrogen production. Geopolitical challenges in relation to uranium imports, nuclear safety standards and the unsolved question on waste management were also addressed.

Trade in clean energies

Several respondents wanted to see positive employment effects from the green tech industry more emphasized in the text. Others wanted to get more details about the link between the energy strategy and industrial policy. Several respondents emphasized the importance of the rule of law and planning stability for investment decisions in third countries. Others associated either advantages or disadvantages with long-term contracts versus spot market solutions. Many respondents wanted to see the promotion of stable regulatory frameworks abroad and of further trade integration. Some saw energy rather as a ‘service than a commodity’. Others raised issues in relation to advantages and disadvantages of green value chains versus local sourcing approaches (e.g. export of renewable hydrogen versus local steel production with green hydrogen).

Most respondents saw the creation of a future global market on hydrogen as central part of the strategy. Whereas some only wanted to see a reference to renewable hydrogen, others advocated also including hydrogen from other sources. Most respondents agreed on the need for renewable hydrogen imports from various third countries, including the EU’s neighbourhood. One respondent suggested that the EU’s local hydrogen production would be sufficient to respond to the increasing demand. Many stakeholders saw the need for a strong regulatory framework and a global hydrogen market with transparent market principles. Others cautioned that some partner countries or regions might perceive hydrogen import agreements as green ‘neo-colonialism’. Some highlighted in this context the importance of sharing part of the value chain with the hydrogen producing countries (e.g. contributing to the establishment of a local steel or cement industry) or of sharing green technologies. Others questioned the efficiency of transporting hydrogen over longer distances. Some called for particular attention to the local availability of sufficient input sources (e.g. renewables) for giving priority to domestic consumption purposes so that partner countries could first meet their own commitments under the Paris Agreement. Some respondents identified water as next fault line for the hydrogen production, which is not always available in sufficient quantities, for instance in many developing countries (i.e. energy-water nexus).

As regards investment and financial instruments, stakeholders referred to the following elements: finance-based instruments like the EU’s Emission Trading System (ETS) system, the Carbon Border Adjustment Mechanism (CBAM) or Green Bonds; the possible impact of the EU’s taxonomy initiative on third countries; a tech neutral approach on sustainable finance to allow for various low-carbon solutions. The important role of the European Investment Bank (EIB) in the global energy transition was recognized; but many stakeholders cautioned that the EIB lending power in third countries might not match the global energy transition’s investment needs. Several respondents highlighted therefore the relevance of blending instruments between the EU and International Financial Institutions (IFIs), as well as of Public Private Partnerships (PPPs) in third countries and better local project coordination between EU Delegations and IFIs. Some recalled the need to better track the financial support that the EU or Member States are making available to third countries. Others highlighted Local Content Requirements (LCRs) in third countries (e.g. South Africa) as possible obstacles that would make it more challenging for IFIs to invest.

Some stakeholders stressed the need to build on existing dialogues with neighbouring countries (e.g. Turkey, Ukraine) to prepare them for changes in trade patterns as a result from the EU's energy transition (e.g. from CBAM).

Geopolitical challenges and opportunities

Many stakeholders emphasized geopolitical aspects that are influencing the future European energy diplomacy initiative and underlined the need for the EU to speak with one voice in international energy politics. This would require that other international players cannot ignore more accentuated EU positions. Possible geopolitical reactions from third countries should be anticipated in the strategy (e.g. shift of Russian gas deliveries from the EU to China). Others highlighted the 'Global Gateway' initiative as the EU's geopolitical answer to the new multi-polar world. Some suggested looking actively for cooperation synergies between the EU and Member States and applying a strict 'Team Europe' approach for the future implementation of the strategy. Others suggested that the EU's soft power approach was an example to follow.

Fostering clean energy technologies

Many respondents underlined the importance of international research cooperation to accelerate the global energy transition. Some suggested that the EU should engage in technology transfers. Others highlighted that this knowledge transfer would take place at the level of equals and that every country should gain access to the latest technology. Several respondents highlighted the relevance of the Joint EU-US methane pledge initiative and of further methane reduction work.

Architecture of international clean energy cooperation

Several respondents identified organisational challenges in international energy organisations. Some suggested extending the existing Energy Charter Treaty framework to new energy carriers like renewable hydrogen or green electricity. Others suggested adjusting the International Energy Agency (IEA)'s membership model so that also non-OECD members could benefit from the Agency's expert advice, e.g. by focusing more on regional approaches. Several respondents stressed that the International Renewable Energy Agency (IRENA)'s toolbox is limited to renewables only while certain developing countries might also be interested in seeking advice on gas issues. Several respondents also supported strengthening the monitoring capacities of the international energy organisations further to secure the follow-up on the initiatives launched at COP-26. Some advocated making better use of existing working groups in international energy organisations, e.g. on hydrogen standardisation or offshore wind groups in the IEA. Some stakeholders underlined the need for the EU to better align the strategy with the European Green Deal and to stronger defend EU positions in international organisations such as the Energy Charter Treaty or at WTO level.

2.2. Call for evidence

The Call for Evidence is a public consultation document summarising the main purpose, the preliminary structure and preliminary ideas on the future content of a Commission document/proposal.

The Call for Evidence for the strategy was online for public feedback for four weeks. The Commission received seventeen valid contributions from two citizens, two non-governmental organisations and thirteen business representatives (companies, organisations and associations).

In their comments, the two citizens suggested to incentivise a reduction of weight and engine power in vehicles in order to reduce emissions. They also suggested accelerating and strengthening cooperation with third countries, including Russia, with the view to speed up, increase the domestic production, and switch to renewables, including renewable hydrogen imports, for electrification of almost the whole economy.

The two responding NGOs are a consumer association and the World Wildlife Fund (WWF). The Portuguese consumer organisation called for including specific political objectives, e.g. the need to overcome energy poverty of consumers in the course of the energy transition, in international relations and agreements. This also included the EU's dependency on energy imports and the impact of rising energy prices, consumer friendly digitalisation of services, fostering the deployment of renewable energy and clean and sustainable mobility as well as increasing sustainable finance. Consumer associations should also be consulted on international activities.

The WWF advocated a focus on global just energy transitions with the explicit integration of social justice matters. The WWF identified as objective for the EU to promote and encourage "1.5-aligned transitions internationally, meaning 2040 coal phase-out for developing countries and 2030 for all others." This could include the use of CBAM revenues for supporting transition in partner countries, a global carbon pricing mechanism, an EU action plan to increase international climate finance contributions based on the Sustainable Development Goals, a focus on sustainable energy sources doing no significant harm and energy efficiency and capacity building with the view to help partner countries to develop encompassing just transition strategies. The WWF considers the EU-South Africa Just Energy Transition Partnership a positive role model in this regard.

Out of the remaining thirteen reactions from business representatives, four entities took also part in the targeted consultation process. Therefore, the present synopsis report covered their contributions already under chapter 2.1.

The comments of the remaining nine respondents focused on the following:

- a comprehensive policy approach: EU leadership on decarbonization at international level; combining cooperation towards decarbonization with the development of a global sustainable economy, including regulatory convergence in the energy field across different jurisdictions; following a pragmatic energy diplomacy with regard to securing the

resources necessary for the EU's own decarbonisation; developing a sustainable industrialization and fostering access to energy in third countries where still needed, e.g. in Sub-Saharan Africa.

- assisting and accelerating decarbonisation efforts in regions outside of Europe, also in view of reinforcing overall geopolitical stability, prosperity and peace and supporting a cost efficient implementation of the Paris Agreement and UN-SDGs. The need to combine resilience of infrastructure, cybersecurity, impact on environment and health were mentioned in several contributions.
- the opportunities of the EU to pro-actively offer its experience by putting in place internal energy markets, electrification, renewable energy and energy efficiency in third countries. This also includes cooperation on necessary research and innovation and the export of green EU technology, while being technology-open and to include also the construction and food sectors.
- the future role of renewable hydrogen and the need for developing international hydrogen value chains, in order to complement domestic green hydrogen production. The Hydrogen Global Initiative is seen as possible cooperation instrument for providing incentives to establish rapidly a renewable hydrogen market. Future-proof infrastructure within the EU and with its neighbours, including storage capacities, should support transporting hydrogen in intra-EU pipeline systems in the long-term.
- striving for convergence of global carbon pricing policies based on the Paris Agreement and COP 26.
- ensuring consistent EU climate and trade policy while taking into account sustainable development objectives aligned to the Global Gateway policies. All energy imports should comply with the EU 2030 & 2050 objectives.
- promoting coherent sustainable finance at international level.
- a perceived increasing role of the Euro Mediterranean Region and the Union for the Mediterranean Gas Platform to be used for supporting countries to accomplish their energy transition, sound public-private cooperation, and to help traditional gas exporters in its transition away from fossil fuels and become a supplier of renewable and low-carbon energy to the EU.
- using the example of the G-PST - Global Power System Transformation Consortium as a successful and comprehensive global cooperation instrument in the power system sector.
- partnerships between the EU and international organizations active in the energy sphere, notably the IEA and IRENA that should be oriented towards creating synergies and leveraging multilateral fora.

3. Inclusion of the stakeholder consultation results in the Communication from the Commission

The European Commission and the European External Action Service have analysed and taken into account, to the extent possible, the views of the stakeholders, including under the most recent political circumstances.

Following the overall endorsement by stakeholders, the strategy focused initially on two main objectives, namely to de-carbonise the EU's energy sector and to lead by example on the global energy transition. Two new objectives arose after the consultation's conclusion in addition as a consequence of the war in Ukraine, namely diversifying Europe's fossil fuel imports away from Russia and supporting partners in our neighbourhood most affected by the impacts of the energy supply crisis.

In light of this, it was decided to still accelerate the energy transition under the European Green Deal in response to the war in Ukraine, whilst also addressing short-term diversification and energy supply challenges. The decarbonisation of the global energy systems will eventually decrease energy import dependencies, increase energy resilience and help undergoing a socially fair transition and help achieving the climate targets under the Paris Agreement.

Many suggestions on specific thematic sub-sectors such as the creation of an international hydrogen market, follow-up on the methane pledge launched at COP26 or on explicit geographical focus such as the European Neighbourhood or Africa will trigger concrete actions the EU and its Member S is ready to carry out with interested partners.

Finally, the call for maintaining but streamlining the multinational approach for energy cooperation in the various international fora has also found its way into the strategy. It advocates cooperation between various international energy organisations and promotes coherence and complementarity, while seeking to minimise overlaps.

Due to the invasion of Ukraine by the Russian Federation and its political consequences, the European Commission and the High Representative of the European Union for Foreign Affairs and Security Policy adapted the focus of the strategy in order to complement the 'REPowerEU' Implementation Communication³ which is published on the same day. The strategy's main political message is that the EU has to accelerate the energy transition even more and has to diversify away from Russian energy sources faster. The EU remains firmly committed to its climate goals and sees an accelerated energy transition as the main instrument for benefitting in the long-term from increased energy security and affordable energy prices.

³ Add title