

**Speech to the European Council
By Martin Schulz
President of the European Parliament
19th of March 2015**

- as prepared for delivery -

Energy Union

Ladies and gentlemen,
the Energy Union is a historic project, on a par only with the Coal and Steel Community and the Internal Market and it merits our commitment. We have lost more than enough time. So, let's step up our actions.

Therefore, President Hollande, Prime Minister Rajoy, Prime Minister Passos Coelho, I would like to congratulate you on a recent ground-breaking action: the inauguration of a power line between French Baixàs and Spanish Santa Llogaia. This power line helps connect the power system of the Iberian Peninsula to other European energy markets.

What do we have to do now:

First, externally, we have to do more to diversify our oil and gas suppliers and act united when dealing with third parties.

Depending on just a few suppliers, some of them dominant or unreliable, like Russia, makes us vulnerable to divide-and rule tactics and threats of blocking energy supply routes. In the short-term we would therefore be well-advised to connect to as many different suppliers as possible, in particular in south-eastern Europe. And in the long-term we should reduce our energy imports. Europe is the largest energy importer in the world. More than half of our energy comes from third countries. This costs us 400 billion euros per year!

Secondly, internally, we must reduce our energy needs by prioritizing energy efficiency. The cheapest and cleanest energy is energy which is not consumed in the first place. Additionally, we must increase and diversify our own energy production in a smart and climate friendly way. Solidarity must be a mainstay of our energy policy. Only by fully connecting our internal pipelines and grids, can we ensure that our energy can flow freely within Europe, and reach the places where it is most needed at fair prices.

Affordable and accessible energy is vital for keeping our industry in business and for keeping our citizens safe. Too many people in Europe are not able to pay their electricity bill or cannot afford to heat their houses in winter. Tackling energy poverty must be at the top of every government's to-do-list.

Instead of paying billions for energy coming from outside our Union it is certainly preferable to **create jobs and growth** by investing this money into an energy union:

- firstly, into merging our fragmented market into a fully integrated energy market, also by fully implementing what has already been agreed: the Third Internal Energy Market Package.
- secondly, into research and innovation, in available and new technologies, in particular in the area of renewable energy and energy efficiency, as well as storage and transport of renewable energy. On this, allow me to give you another figure: European renewable energy businesses already today have a combined annual turnover of 129 billion €, and employ over a million people.

- and thirdly, into making our houses and buildings more energy efficient. Today three quarters of our houses are not yet energy efficient. There is still a lot of work to do - that will create many more jobs and, down the line save much money from waste.

The Commission estimates that one trillion Euro will need to be invested in the EU energy sector by 2020. It's our job to ensure that the money is spent in a smart way so that we can reach our goals, foremost of these, creating jobs and growth.

President Juncker's 315 billion Euro Investment Plan is expected to play an important role in mobilising the required investments in energy infrastructure and innovation. Let's grasp this opportunity and use these investments in small and big infrastructure projects to create jobs, to reduce energy consumption and to lower energy prices.

Ladies and gentlemen,
our energy policy, of course, impacts our ability to tackle climate change. On many occasions, we have stated that we want to be a global leader in the **fight against climate change** and lead by example. The European Parliament will continue to put pressure on the EU to be more ambitious with regard to its own targets, including in relation to energy efficiency. In addition, the Parliament will continue to push for climate diplomacy. Ahead of this year's Paris Climate Conference the key challenge for the EU is, in my eyes, to act as a leader. A common EU position is needed for success.

To ensure that there will indeed be an agreement in Paris, one which will put the world on track to achieving the "below 2°C" objective we had better address the issue of climate change in all relevant meetings with third countries.

To conclude, the energy union is about big questions, big figures, big interests and big ambitions. It will require many legislative proposals and it will require full support and implementation at all levels. The European Parliament believes in the objectives of the Energy Union, but will assess very carefully the required legislative proposals and the way the Parliament will be involved in the governance of this project that touches upon the key interests of the European Union and its citizens.

I understand that some of you are considering following the model of the European Semester for the governance of the Energy Union. Well, I will come back to this later, but the least we can say is that the European Semester has various aspects which can certainly be bettered. No wonder the Commission is currently planning to streamline the whole process. So let's learn from previous experience and let's develop an efficient approach from the start. Energy is a core business of our union and therefore must be dealt with properly by the community institutions in a transparent, democratic and effective manner.

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Ukraine and Eastern Neighbourhood

Ladies and gentlemen,
the recent brutal murder of Russian reformist and opposition leader Boris Nemtsov near the Kremlin in Moscow, two days before a demonstration he was organizing against the conflict

in Ukraine and the fall-out of the economic crisis, shocked and appalled us. Bravely Nemtsov had opposed corruption and despotism. His death is a serious setback for all those who want to bring about an open and truly democratic Russia. The European Parliament calls for an independent international investigation into the murder. We expect the suspects to be given a fair and transparent trial under the rule of law.

At the last European Council meeting, I congratulated Chancellor Merkel and President Hollande on their diplomatic mission to Minsk on the 12 of February 2015 and praised their efforts to find a peaceful solution to the conflict in Eastern Ukraine. These days we monitor the implementation of the 13-point peace accord struck in Minsk.

We have seen some hopeful signs such as the withdrawal of heavy weaponry from the front-lines. However, violence and shelling continue daily and the ceasefire is still fragile. We urge all parties to stick to their words and follow-up on what they have agreed to do: uphold the ceasefire, withdraw all Russian troops and Russian-backed illegal armed groups and mercenaries, and exchange all prisoners.

Since the beginning of the crisis, and after the unlawful annexation of Crimea one year ago, the European Union has worked towards a peaceful solution of this conflict in our immediate neighbourhood. Because we know that the only viable solution is a political solution.

So far, we have resisted all attempts at dividing us. This is good news. Because divided we are weak, but united we are strong. Therefore, I urge you to refrain from any unilateral actions and to continue to maintain a common position vis-a-vis Russia. We should certainly continue our twin track approach: maintaining the critical pressure through the sanctions regime on Russia while at the same time enhancing support for Ukraine.

Concerning the first track: The **sanctions** have proved to be a useful tool to get Russia back to the negotiation table. For now, they must remain in place.

The EU has rightly prolonged its visa ban and asset freeze list until September. The third package of sectorial sanctions on Russian key economic sectors: energy, finance, and arms will also remain in place until its review. President Tusk, you have announced the EU's willingness to step up sanctions in the event of further escalation.

Ladies and gentlemen,

The second track of our crisis management must be that of **enhancing support for Ukraine**. All along, the European Union has backed Ukraine's sovereignty, its territorial integrity and its right to determine its own destiny. Yet, more must be done to stabilize Ukraine internally. The European Parliament focuses on the reform process in Ukraine itself. We will do everything we can to help Kyiv to stabilise Ukraine's economy, to implement the Association Agreement and to move forward with key judicial, constitutional, and anti-corruption reforms. Continuing on the reform path is just as important for the stability and security of Ukraine as is finding a solution to the conflict with Russia.

One area where Kyiv could do with more support is energy security. The European Parliament welcomes the agreement at the trilateral gas talks in Brussels on the temporary solution of gas supply to Ukraine until the end of March. However, a long-term solution is needed to secure Russian gas delivery to Ukraine and the EU member states should show

solidarity by increasing the reverse flows to Ukraine. Yet for both Ukraine's and the EU's long-term energy security, the creation of the Energy Union is of utmost importance.

The upcoming **Eastern Partnership summit in Riga** on 21-22 May will be a key event, helping us to have a strategic review of one of our top priority policies. The European Parliament believes that our Eastern Partnership policy must live up to the challenges and therefore needs to become more focused, more effective, more differentiated, and more targeted on concrete deliverables and results.

At the summit we should move ahead with the implementation of the Association Agreements with Ukraine, Georgia and Moldova. We expect that the national parliaments of the EU member states will complete the ratification by then. We want to offer new, deepened cooperation opportunities with the EU to those countries which have achieved progress in their reform process. This includes completing the second stage of visa liberalization and more substantial macro-financial assistance. A lot also depends on our partners themselves. They are called upon to root out systemic corruption and oligarchic elements and to establish the rule of law. We should not forget that the strength of internal institutions is perhaps the best immunity against external threats. We want to support these reforms with a "more for more" and "less for less" approach. The European Union can be of major assistance to our neighbours, if we use our transformative power to encourage modernisation and reform.

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