



2016/2059(INI)

31.8.2016

OPINION

of the Committee on International Trade

for the Committee on Industry, Research and Energy

on an EU strategy for liquefied natural gas and gas storage
(2016/2059(INI))

Rapporteur: Stelios Kouloglou

SUGGESTIONS

The Committee on International Trade calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Considers that all EU citizens must have access to a secure and affordable energy supply; highlights in this context current developments in global LNG markets, where oversupply has led to lower prices, presenting an opportunity to deliver lower energy costs to EU consumers through relatively cheaper gas supplies; stresses that safe, affordable, sustainable energy is a key driving force in the European economy and is essential for industrial competitiveness; calls for the EU and its Member States, as part of the EU energy strategy, to give priority to eliminating energy poverty through the setting of targets at Member-State level, and to enhance energy supply through the sharing of best practices at EU level;
2. Stresses that trade plays a key role in energy security, and that strong energy partnerships, reinforced by the inclusion of energy chapters in the EU's trade agreements, are essential tools; considers it to be of key importance that the EU's trade policy enhances the EU's and Member States' energy diversification and reduces their dependence on imported energy from too few suppliers; stresses that the EU should explore new partnerships, review its existing ones and hold specific energy talks with other partners in areas such as – but not limited to – Central Asia, North Africa and the Americas; notes that the EU should play a more proactive role in the international energy diplomacy arena; calls for greater coherence between the EU's trade and energy policies; underlines the need to increase transparency in international negotiations on LNG; believes that current and future negotiations with partners such as the USA and Australia should include a strong energy component; underlines that the EU should collaborate closely with international partners towards a competitive and transparent global LNG market;
3. Stresses that security of gas supply at Member-State level would be enhanced through increased diversification of supply sources, which can be achieved through international LNG trade and improved cross-border flows; stresses that Member States should seek to diversify supply as a matter of priority where dependency on single supply points occurs;
4. Points out that while trade contributes to developing the gas market at a global level, it should focus on priorities such as building relevant infrastructure, including storage, and liquefaction capacity in order to enhance security of supply and to mitigate the risk of dependence on a single or few sources;
5. Considers that, through its emergence as an important market, the EU can contribute to the evolution of gas trading rules with a view to improved flexibility and the convergence of global gas markets;
6. Believes that work on an EU LNG and storage strategy should go hand in hand with work on the Commission Proposal for a Regulation of the European Parliament and of the Council concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010 released in February 2016, as LNG and storage can provide much-needed solutions in the event of a gas supply crisis;

7. Stresses that the global LNG market presents a significant opportunity to reduce energy dependence where Member States are heavily dependent on single suppliers; points to the example of Poland, where the new LNG terminal will greatly diversify supply options by delivering 4.9 billion cubic metres per year – the equivalent of one third of Poland’s annual consumption – and by cutting dependence on piped imports from Russia by half;
8. Recalls that in order to meet the current challenges and implement its energy and climate change objectives in the context of global constraints in those policy fields, the EU and its Member States must, on the basis of existing legal frameworks and multilateral conventions, also take common action on the international stage by raising energy security and sustainability issues in international trade forums, including with partner countries dependent on gas imports; stresses that, at the same time, the EU should support and promote energy efficiency;
9. Stresses the need to ensure the highest environmental protection in the planning, construction and use of LNG as well as in the exploitation of indigenous reserves and sources, and to respect the international labour standards on occupational health and safety; underlines the need to raise awareness of the environmental, climate and social impacts of imported LNG; reiterates the need to involve local communities and to rely on realistic assessments on consumption and – in the event of construction – on the planning of new infrastructures; emphasises the potential offered by the transition to LNG for ending the dependence of maritime transport on coal; calls for the EU to provide financial support for European projects for this purpose;
10. Recalls that, in order to promote the transition towards a low-carbon society, Member States must reduce their dependence on fossil fuels in the longer term and transition from coal-fired electricity generation to gas-fired generation in the medium term; notes that low gas prices in 2015 saw the competitiveness of gas-fired generation increase compared with coal;
11. Considers gas to be the transition fuel in the switch from an energy system based on fossil fuels to a system based on renewable energy, which must be the long-term goal in efforts to mitigate the effects of climate change;
12. Highlights LNG’s potential as an alternative to more polluting conventional fuels in transport;
13. Points out that it is estimated that gas imports to the EU will rise until 2030, even if gas demand within the EU simultaneously stays stagnant or declines; stresses that moderating energy demand and promoting energy-efficient renewable and local energy sources are among the most effective tools for reducing dependence on external energy; recalls that the EU has significant LNG import excess capacity overall, but that this capacity is not effectively distributed in geographical terms;
 - a) Stresses the fact that LNG and gas storage will contribute to ending any kind of energy isolation of the EU Member States and regions by supporting the more remote and/or less well connected Member States and regions in diversifying their sources and supply routes through the creation of new LNG terminals, distribution systems

and gas interconnectors with reverse flow capabilities;

- b) Highlights that indigenous production of gas in Europe is decreasing and that EU output in 2015, at 119 billion cubic metres, was down 9 % on 2014 levels; stresses, in this context, the need for increased imports, and calls on the Commission to continue to seek out new trading opportunities;
14. Considers that trade policy generating significant opportunities for EU Member States' private and public companies in clean, secure, energy-efficient technologies is particularly important, especially in light of the growing global energy demand; calls for tariffs on clean technologies to be reduced significantly within the Green Goods initiative and also within EU free trade agreements, which must tackle non-tariff barriers to trade in energy sources;
15. Calls therefore for full use of the EU's regasification capacity and for sufficient integration of terminals into gas networks across the EU; highlights the growing strategic importance of gas storage in terms of ensuring a well-functioning EU gas market and increasing energy security;
16. Stresses that the EU should support investments in LNG, giving priority to more remote and/or less well connected Member States and regions, through EU financial instruments such as the European Fund for Strategic Investments and the Connecting Europe Facility, which will attract global investment capital to the EU;
17. Highlights the need to assess current and future needs, as well as the type of storage and regasification infrastructure in the EU;
18. Expresses concern at the fact that gas imports from Russia were 7 % higher in 2015 than in 2014, and at the fact that 41 % of gas imports from outside the EU in 2015 came from Russia; highlights the vital role of LNG and gas storage, in addition to increased efficiencies and renewable energy deployment, in reducing dependence on Russian gas;
19. Highlights the importance for EU energy security of the 'Energy and Raw Materials' chapter of the Transatlantic Trade and Investment Partnership (TTIP) agreement; welcomes the Commission's work towards removing export restrictions on US gas to the EU;
20. Considers that the 12.2 billion cubic metres per year being added to the market in 2016 through Sabine Pass LNG on the US East Coast, along with potentially a further 74-billion-cubic-metre capacity being added through various US projects before 2020, represents a significant opportunity for Europe to increase energy trade links with the US; believes that the conclusion of the work on the 'Energy and Raw Materials' chapter of TTIP will significantly boost EU gas supply options;
21. Considers a completed, competitive and well-functioning internal gas market with strategic supply points receiving LNG imports from extra-EU sources to be crucial to securing energy security and affordability for EU citizens; recalls, in this context, the Union list of projects of common interest (PCIs) as outlined in Commission Delegated Regulation (EU) 2016/89, and urges the Member States to work towards completion of the 77 gas projects as soon as possible;

22. Points out that LNG trading prices have been declining internationally and that price differentials between pipeline imports and LNG have also decreased; considers it important also to strengthen long-term contracts in the LNG sector so as to limit market crises, to reduce exposure to financial risks and to attract investment in infrastructure; points out that the development of new LNG terminals and the diversification of supply sources, especially in the Mediterranean, the Black Sea and the Caspian Sea regions, will allow gas-to-gas competition and will replace imports of natural gas volumes under oil-indexed contracts, thus increasing the EU's bargaining power;
23. Supports the Commission, the European External Action Service and the Member States in their active engagement in energy diplomacy in order to promote a rule-based, transparent and well-functioning global gas market;
24. Stresses the absolute importance of secure and accessible LNG storage capacities that would make the shared infrastructure more flexible and easier to adapt to possible supply fluctuation, and which would lead to a significant reduction in energy dependence;
25. Points out that European companies should not be restricted from operating on third countries' energy markets under the same conditions as domestic companies; points out that third countries' companies operating on European energy markets must comply with European law; points out that such entities must have a transparent structure making it possible to track their shareholders.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

Date adopted	31.8.2016
Result of final vote	+: 27 -: 5 0: 2
Members present for the final vote	Laima Liucija Andrikiienė, David Campbell Bannerman, Daniel Caspary, Salvatore Cicu, Marielle de Sarnez, Santiago Fisas Aixelà, Christofer Fjellner, Karoline Graswander-Hainz, Yannick Jadot, Ska Keller, Jude Kirton-Darling, Bernd Lange, David Martin, Emmanuel Maurel, Emma McClarkin, Anne-Marie Mineur, Sorin Moisă, Alessia Maria Mosca, Franz Obermayr, Artis Pabriks, Franck Proust, Inmaculada Rodríguez-Piñero Fernández, Tokia Saïfi, Marietje Schaake, Helmut Scholz, Joachim Schuster, Joachim Starbatty, Adam Szejnfeld, Hannu Takkula, Iuliu Winkler
Substitutes present for the final vote	Edouard Ferrand, Seán Kelly, Stelios Kouloglou, Georg Mayer, Bolesław G. Piecha, Jarosław Wałęsa