

## CALL FOR EVIDENCE FOR AN INITIATIVE (without an impact assessment)

<b>TITLE OF THE INITIATIVE</b>	Energy diplomacy – European strategy on international energy engagement
<b>LEAD DG – RESPONSIBLE UNIT</b>	<b>DG ENER – Unit A3</b> (Neighbourhood policies and international relations)
<b>LIKELY TYPE OF INITIATIVE</b>	Commission communication
<b>INDICATIVE TIMING</b>	Q1 2022
<b>ADDITIONAL INFORMATION</b>	<a href="#">Council adopts conclusions on climate and energy diplomacy on 25 January 2021- Consilium (europa.eu)</a>

*This document is for information purposes only. It does not prejudice the final decision of the Commission on whether this initiative will be pursued or on its final content. All elements of the initiative described by this document, including its timing, are subject to change.*

### A. Political context, problem definition and subsidiarity check

#### Political context

The European Green Deal will turn Europe into a climate-neutral continent (net zero emissions) by 2050. Some 75% of the EU's current greenhouse gas emissions stem from the production and the use of energy. Rapid decarbonisation of our energy system is necessary.

Many countries have by now declared their objective to become climate-neutral by mid-century. However, many more still need to come forward with ambitious emissions reduction targets. Moreover, in Africa, universal energy access is still a challenge.

The European strategy on international energy engagement updates a previous strategy from 2011. It will sketch a set of measures to advance the EU's energy transition at home, while supporting energy transitions in our partner countries abroad, focusing mostly on the biggest emitters and lower-income countries.

Europe is home to many cutting-edge green tech companies and can lead by example, showing how to effectively decarbonise the energy sector at the lowest possible cost, both social and economic, making the green transition fair to all. The transition will generate new export opportunities, but also challenges for security of supply.

The EU will diversify and secure the green tech supply chains of the future and make them more sustainable, e.g. via research and by increasing the EU's autonomy in strategic sectors.

As new export opportunities arise for innovative companies, it will also be necessary to ensure they can compete in partner countries under the same conditions as local companies. This requires global standardisation initiatives, trade agreements and sector-specific regulatory dialogues.

#### Problem the initiative aims to tackle

In 2020 and 2021 the EU adopted several strategic initiatives and proposed a number of legislative measures in its ["Fit for 55" package](#) to de-carbonise the energy sector.

The transformation of the EU's energy system will trigger major changes to our traditional energy policies, both domestically and externally.

- The world is still suffering from slow, uneven, uncoordinated and insufficient decarbonisation efforts.

- Phasing out coal may negatively affect local labour markets, which could undermine public support for the transition.
- Access to sustainable, secure and affordable energy remains a challenge in many regions of the world.
- Critical raw materials for the green tech industry are rare and concentrated in very few countries, and often extracted under inhumane circumstances (e.g. child labour).
- Many international energy organisations are working towards decarbonisation, but they have not yet sufficiently joined forces to facilitate the world's energy transition.

## **Basis for EU action (legal basis and subsidiarity check)**

### **Legal basis**

Article 194 on energy policy and Articles 216 and 218 on external relations in the Treaty on the Functioning of the European Union (TFEU).

### **Practical need for EU action**

The initiative – in the form of a policy Communication – focuses on external relation activities in the field of energy under the European Green Deal. It will respect the principles and rules that govern EU internal and external policy initiatives, including subsidiarity.

EU action can be more effective if work by EU countries and the European institutions in non-EU partner countries and regions is closely coordinated.

## **B. What does the initiative aim to achieve and how**

The ambition of the European Strategy on international energy engagement is to advance the EU's energy transition at home, while supporting the same transition in our partner countries.

The strategy will propose a number of direct or indirect initiatives via bilateral or multilateral channels and concrete partnerships to support the de-carbonisation of energy systems within the EU and internationally. These measures could include:

- **Accelerating the global energy transition and clean energy access**

The strategy will accelerate the transition, both in the EU and globally.

The EU will promote – internationally – energy efficiency, the increasing uptake of renewable energy and system integration (including through more interconnections) and the deployment of safe and sustainable technologies to reduce global emissions.

It will also push for the highest possible environmental, nuclear safety and transparency standards internationally.

It will promote the rapid phase out of the most polluting energy sources (e.g. coal) and advance further reductions in methane emissions across the globe. This includes aligning global initiatives, relevant technical standards and regulatory approaches.

Moreover, the strategy will push low-carbon and renewable hydrogen solutions to replace fossil fuels in the medium to long term.

In line with the UN's sustainable development goal no. 7 - to ensure access to affordable, reliable, sustainable and modern energy for all - Africa will be one of the geographic priorities of the strategy.

- **Fair energy transition – no one left behind**

The strategy will support international initiatives to highlight the economic opportunities of a fair transition away from coal-based energy systems towards climate neutrality, while ensuring access to reliable and affordable electricity.

Based on the EU's own experience, it will also address more deep-rooted industrial and social transformation issues, as well as help create new value chains and strengthen the energy demand side.

- **Security of supply and open and transparent markets**

The strategy will address existing and emerging dependencies for EU industry (e.g. of raw materials

from abroad) as well as the impact of the EU's clean energy transition on fossil fuel exporting countries and the expected decline in imports of energy products. While the EU's fossil fuel import dependencies will lessen over time, the import needs for critical raw materials, clean electricity, and renewable hydrogen are likely to increase. In that context, measures could be taken to improve materials efficiency and recycling rates and to protect critical infrastructure from cybersecurity attacks.

The strategy will help secure the supply chains for critical raw materials for the EU's green tech industry, through diversification and by making them more sustainable (e.g. labour law, research into alternatives).

The EU will pursue energy security, affordable energy and resilience in its energy system by promoting (i) open, transparent, well-regulated, liquid, and rule-based global markets (which would guarantee a diversity of suppliers and sources) and (ii) the use of the euro in energy trading.

The strategy will promote global standardisation for EU's green tech industry, regulatory alignment (and transposition) for functioning and sustainable energy markets, in particular with the closest partners. This includes engaging in international research cooperation and green tech alliances.

Non-EU countries will be able to profit from the EU's green tech expertise, through either joint research work or by acquiring industrial solutions. In certain circumstance, this will require us to modernise or develop new energy partnerships with robust trade and regulatory dialogue arrangements that are conducive to green technologies.

- **Advancing the energy transition globally with the help of international organisations**

The EU will continue to work closely with all relevant international organisations, such as the International Energy Agency (IEA) and the International Renewable Energy Agency (IRENA).

In close cooperation with our partners, we will review how to optimise existing structures for international energy cooperation and push for multilateral measures to facilitate global energy market formation, keep EU industry competitive and clean energy affordable.

#### **Likely impacts**

The specific impacts relate to the individual initiatives that will likely follow the strategy. These will be assessed individually according to the 'better regulation' requirements.

#### **Future monitoring**

The possible follow-up initiatives will be subject to the general rules on evaluation and monitoring.

### **C. Better regulation**

#### **Impact assessment**

Since this is a non-legislative initiative, no impact assessment will be carried out. Individual initiatives following up the strategy will be subject to the 'better regulation' requirements.

#### **Consultation strategy**

A targeted stakeholder consultation will be carried out from October to December 2021, consisting of a series of targeted consultation meetings.

#### **Why we are consulting?**

The consultation meetings will collect expertise, ideas and/or practical examples from stakeholders on how the EU should pursue an orderly global clean energy transition, while safeguarding the security of energy supply, keeping energy affordable and managing geopolitical implications.

This input will feed into the Communication. As this strategy covers a very broad range of themes, it is critical to involve interested parties from different strands.

#### **Target audience**

National authorities in EU countries, public authorities, private sector, academia and NGOs.